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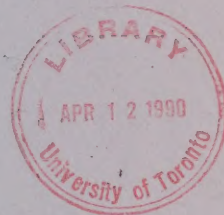
ENVIRONMENTAL ASSESSMENT BOARD

VOLUME: 187

DATE: Thursday, March 29th, 1990

BEFORE: A. KOVEN, Chairman

E. MARTEL, Member

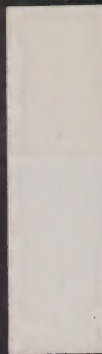
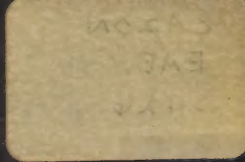


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HEARING ON THE PROPOSAL BY THE MINISTRY OF NATURAL
RESOURCES FOR A CLASS ENVIRONMENTAL ASSESSMENT FOR
TIMBER MANAGEMENT ON CROWN LANDS IN ONTARIO

IN THE MATTER of the Environmental
Assessment Act, R.S.O. 1980, c.140;

- and -

IN THE MATTER of the Class Environmental
Assessment for Timber Management on Crown
Lands in Ontario;

- and -

IN THE MATTER OF a Notice by the
Honourable Jim Bradley, Minister of the
Environment, requiring the Environmental
Assessment Board to hold a hearing with
respect to a Class Environmental
Assessment (No. NR-AA-30) of an
undertaking by the Ministry of Natural
Resources for the activity of timber
management on Crown Lands in Ontario.

Hearing held at the Offices of the
Environmental Assessment Board,
2300 Yonge Street, Suite 1201, Toronto,
Ontario, on Thursday, March 29th,
1990, commencing at 8:30 a.m.

VOLUME 187


BEFORE:

MRS. ANNE KOVEN
MR. ELIE MARTEL

Chairman
Member

A P P E A R A N C E S

MR. V. FREIDIN, Q.C.)	
MS. C. BLASTORAH)	MINISTRY OF NATURAL
MS. K. MURPHY)	RESOURCES
MS. Y. HERSCHER)	
MR. B. CAMPBELL)	
MS. J. SEABORN)	MINISTRY OF ENVIRONMENT
MS. B. HARVIE)	
MR. R. TUER, Q.C.)	ONTARIO FOREST INDUSTRIES
MR. R. COSMAN)	ASSOCIATION and ONTARIO
MS. E. CRONK)	LUMBER MANUFACTURERS'
MR. P.R. CASSIDY)	ASSOCIATION
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MR. B. McKERCHER)	OUTFITTERS ASSOCIATION



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APPEARANCES: (Cont'd)

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MS. B. LLOYD)	
MR. J.W. ERICKSON, Q.C.)	RED LAKE-EAR FALLS JOINT
MR. B. BABCOCK)	MUNICIPAL COMMITTEE
MR. D. SCOTT)	NORTHWESTERN ONTARIO
MR. J.S. TAYLOR)	ASSOCIATED CHAMBERS OF COMMERCE
MR. J.W. HARBELL)	GREAT LAKES FOREST
MR. S.M. MAKUCH)	
MR. J. EBBS	ONTARIO PROFESSIONAL FORESTERS ASSOCIATION
MR. D. KING	VENTURE TOURISM ASSOCIATION OF ONTARIO
MR. D. COLBORNE)	GRAND COUNCIL TREATY #3
MS. S.V. BAIR-MUIRHEAD)	
MR. R. REILLY	ONTARIO METIS & ABORIGINAL ASSOCIATION
MR. H. GRAHAM	CANADIAN INSTITUTE OF FORESTRY (CENTRAL ONTARIO SECTION)
MR. G.J. KINLIN	DEPARTMENT OF JUSTICE
MR. S.J. STEPINAC	MINISTRY OF NORTHERN DEVELOPMENT & MINES
MR. M. COATES	ONTARIO FORESTRY ASSOCIATION
MR. P. ODORIZZI	BEARDMORE-LAKE NIPIGON WATCHDOG SOCIETY

APPEARANCES: (Cont'd)

MR. R.L. AXFORD	CANADIAN ASSOCIATION OF SINGLE INDUSTRY TOWNS
MR. M.O. EDWARDS	FORT FRANCES CHAMBER OF COMMERCE
MR. P.D. McCUTCHEON	GEORGE NIXON
MR. C. BRUNETTA	NORTHWESTERN ONTARIO TOURISM ASSOCIATION

I N D E X O F P R O C E E D I N G S

<u>Witness:</u>	<u>Page No.</u>
<u>CAMERON N. WATSON,</u> <u>MICHAEL ROSS, Sworn</u>	32759
Cross-Examination by Mr. Colborne	32759
Re-Direct Examination by Mr. Cosman	32873

I N D E X O F E X H I B I T S

<u>Exhibit No.</u>	<u>Description</u>	<u>Page No.</u>
1069	Document entitled: Basic Departmental Data 1989, Indian and Northern Affairs Canada, December, 1989.	32835
1070	Three-page document re: Answers to four undertakings given to Ms. Kleer.	32873
1071	Document entitled: Indian Register Population by Sex and Residence, 1988.	32891

1 ---Upon commencing at 8:40 a.m.

2 MADAM CHAIR: Good morning. Please be
3 seated.

4 Good morning, Mr. Colborne.

5 MR. COLBORNE: Good morning, Madam
6 Chairman. I understand that I may proceed with my
7 cross-examination at this point.

8 MADAM CHAIR: Yes, you certainly may.

9 MR. COLBORNE: Thank you. I would like
10 to thank the Board for accommodating my schedule this
11 week and being permitted to cross-examine out of order.
12 I had other commitments which, due to the changing of
13 the schedule of this hearing, I couldn't reschedule so
14 I thank you. I hope I haven't inconvenienced other
15 people.

16 I see from the name plates that Mr.
17 Watson and Mr. Ross are here as I expected.

18 Madam Chairman, I had hoped to but did
19 not review any transcript of previous
20 cross-examinations, so I'm sure that others will help
21 me if I am pursuing any line of questioning that has
22 been thoroughly canvassed already. I am going to try,
23 though, to restrict my questions and keep my
24 cross-examination fairly brief and to focus to the
25 extent I can - and this is I will direct to the

1 witnesses - focus to the extent I can on the
2 communities which I represent. And I'm sure that in
3 your initial instructions at least you were not asked
4 to separate out or particularly deal with these
5 communities, but I will tell you what they are so you
6 can keep it in mind if it affects any answer that you
7 may give to my questions, gentlemen.

8 Those communities are the status Indian
9 communities in the area that is sometimes referred to
10 as the Treaty 3 area, but also might be thought of as
11 the Kenora, Dryden, Fort Frances, Sioux Lookout, Red
12 Lake area. Just looking at the map that is on the
13 board, I'm not sure if it has an exhibit number, that
14 shows the area of the undertaking. I think it also
15 shows the Ministry of Natural Resources' districts --
16 no, wait, I don't think those are Ministry of Natural
17 Resources' districts, but anyways districts 59 and 60,
18 Rainy River District and Kenora District are generally
19 the areas that I am concerned with.

20 Now, I will begin with Mr. Ross.

21 CAMERON N. WATSON,
22 MICHAEL ROSS, Resumed

23 CROSS-EXAMINATION BY MR. COLBORNE:

24 Q. Sir, I've read the record that you've
25 prepared which has been filed entitled An Economic

1 Profile of the Ontario Forest Industry and my questions
2 relate to a few small parts of that. If I could begin
3 with paragraph 5 in the executive summary. It's at
4 page (ii). I will read one part of that paragraph.

5 "Within the area of the undertaking 11
6 per cent of the total employment
7 generated by the forest industry as a
8 whole is attributed to the firms with
9 fewer than 100 employees."

10 Now, simply turning that on its head, we
11 would conclude, I take it, that 89 per cent of jobs are
12 with firms of 100 or more employees. Would I be
13 correct in making that fairly simple arithmetic
14 adjustment?

15 MR. ROSS: A. Yes.

16 Q. Now, my questions really have to do
17 with a trend, if any, over time. Now, if we looked,
18 say, back ten years would we find that there were more
19 than or less than this 9 out of 10 in the larger firms;
20 do you know? Is that in your report anywhere?

21 A. No, it isn't, we haven't looked at
22 that aspect of things over time and I don't have any
23 data in the report.

24 Q. And so that would apply to any period
25 of time? I mentioned looking back only ten years, but

1 if I had asked the question as I look back 20 years,
2 look back 30 years, presumably your answer is the same;
3 is that correct?

4 A. Yes, in terms of what we did for this
5 report.

6 Q. Now, I think it's well known that the
7 pulp and paper and paper mills themselves - there is a
8 certain number of them I haven't checked, I think it is
9 11 or 12 - pulp and paper mills themselves are large
10 employers. Did you at any point in your examination of
11 the data delete the pulp and paper mills and see what
12 resulted?

13 It just seemed to me that in looking at
14 all of these general statistics there was never any
15 effort to take any slice out of the entire pie and look
16 at what remained, for instance.

17 A. Perhaps we didn't do quite what you
18 are suggesting, but in Exhibit 5 of the report, which
19 is opposite page 14--

20 Q. Yes.

21 A. --we show the distribution of
22 employment by establishment or to say it a little bit
23 differently, employment within establishments by
24 employment size group and we've broken out the three
25 basic components of the forest industry: logging, wood

1 industries and paper/allied. Paper/allied basically
2 being the pulp and papers mills.

3 Q. Yes, I see.

4 A. So that there certainly is
5 information on the distribution of employment by size
6 of establishment, which isn't quite the same as size of
7 firm in the logging industry and wood industries and in
8 paper and allied.

9 Q. You did refer at page 43 to a change
10 in total employment in the forest industry. Right at
11 the middle of that page appears the following sentence:

12 "These data show that employment in the
13 forest industry increased by 7 per cent
14 between 1970 and 1986."

15 And I think that Exhibit H1 puts the data
16 that is the basis for that statement on a chart.

17 The question is: Has that information
18 been adjusted in any way to take into account the
19 distinction between employment in the pulp and paper
20 mills and elsewhere in the forest industry? Is there
21 anything here that would help us with that?

22 A. There certainly isn't in that
23 exhibit. I was just checking to remind myself whether
24 we had looked in the issue of cyclicalities at employment
25 in the various components of the industry. And I guess

1 the answer is not, or to say it a little differently
2 I -- well, I haven't found it, so let's say that I
3 don't have the data.

4 Q. Very well. I am not faulting you for
5 that, sir, but from the point of view from somebody who
6 does not live in the immediate vicinity of one of those
7 11 pulp mills it could of importance and that's why I
8 wanted to know if that had been distinguished.

9 Now, staying with the same reference;
10 that is, page 43 --

11 A. Just listening to your follow-on to
12 your question reminds me that to some extent this
13 report has been -- the basis of the issues we addressed
14 in the report were really our views as to what might be
15 useful information for the Board that was not already
16 dealt with in Panel 5 of MNR, and I think Panel 5 has
17 information on employment trends within the
18 sub-components of the forest industry.

19 Q. Thank you. Page 43, the same
20 reference. I asked you a few minutes ago if you could
21 tell us anything about the trends in terms of
22 proportion of workers for large employers as opposed to
23 smaller employers and you said that you did not have
24 that.

25 There is here, though, on page 43 in that

1 passage that I read a bit of a reference to a trend and
2 I am wondering, is that representative of anything, do
3 you say, from the point of view of reliability and
4 importance of data or is that just one of the points
5 that emerged from what you examined?

6 In other words, is the Board being asked
7 to say: Well, that's interesting, over a certain
8 16-year period there was a seven per cent increase in
9 employment, or are you merely pointing out that if we
10 happen to count back 16 years from 1986 we find a
11 certain number?

12 I'm not sure if you understand the
13 question, but I will leave it there; if you don't, ask
14 me to try to rephrase it.

15 A. I think the answer is perhaps
16 somewhere in between those two statements and I say
17 that partly because of the comment to be made partly in
18 the context of issues about -- cyclicity issues of
19 productivity and whether productivity improvements take
20 away job opportunities and issues related to the
21 overall growth of the industry.

22 To some extent, when those things are all
23 sorted out over this period, which is a fairly long
24 time period, the industry has shown some growth in
25 employment.

1 Q. Where is the data on that? That's
2 what I was looking for, but I thought that it was not
3 here. I thought, in fact, that it said in here that
4 the historical data on employment in the forest
5 industry was poor or at least not of sufficient
6 reliability, that it was included or that it was
7 excluded because it was not within the terms of
8 reference or something like that. So now you are
9 saying to the Board there is a certain trend but there
10 is nothing in your report that I saw.

11 A. Well, I'm wondering if we are having
12 terminology confusion here. The phrase 'forest
13 industry', which I think is the way that the MNR has
14 referred to it, is intended to encompass the whole
15 spectrum of the industry through logging, through wood
16 products, through pulp and paper and we expanded the
17 scope of the definition to include the area of forestry
18 services.

19 And this comment here, the seven per cent
20 growth, is in relation to forest industry as a whole
21 and that's actually based on that first graph in
22 Appendix H.

23 Q. If we could stop there just for a
24 moment, sir.

25 MR. COSMAN: Well, if he is finished.

MR. COLBORNE: Well, I'm not sure if he is answering the question.

MR. ROSS: I think I'm -- I'm wondering whether your question is based on a confusion between the definition of forest industry, which is what this reference of seven per cent growth refers to, and perhaps some comments at which you might point me to about the quality of historical data on employment in the forestry services sector.

Q. No, but go ahead.

Q. Well, sir, I thought that your answer to one of my very first questions was that you had not looked at longer term trends in employment, but maybe your answer was narrower than I thought it was.

1 is just before page 14 and Exhibit 6 is just following
2 it.

3 Q. Yes, these are exhibits that you
4 referred me to.

5 A. Yes, I referred them to you because
6 you stared me out in paragraph 5 of the executive
7 summary which was looking at the distribution of
8 employment by size of firm.

9 Q. Yes.

10 A. And my -- I believe you were asking:
11 Do we have historical data or time based comparisons of
12 the distribution of employment by size of firm and I
13 said: No, we have not looked at that issue over time.

14 In other words, we did a snapshot of
15 employment by size of firm for the years which are
16 described in Exhibit 5 and Exhibit 6 which is a year in
17 the recent past, but we haven't looked at that issue
18 over time.

19 Q. I see.

20 A. However, we have looked at trends and
21 aggregate employment in the forest industry over time.
22 That's what I was referring to Board to in Exhibit H1
23 and that's the basis of the comment that there has been
24 seven per cent growth in employment in the industry as
25 a whole over that period.

1 Q. Okay, now I understand. Thank you.
2 Exhibit H1 is the one that shows quite a market
3 fluctuation between lows of about 68,000 and some to
4 highs of 78,000 and some. This would be for the years
5 1970 through 1986.

6 Now, going back to the question that
7 started our discussion now. I was wondering -- maybe I
8 could be more specific in saying why 1970? If you take
9 1970 and you take 1986, there is a seven per cent
10 increase, but surely if you took, say, 1973 and 1986
11 you would have maybe a four per cent increase, or if
12 you took 1980 and 1986 you would have a decrease, if
13 you took '83 and '86 you would have a dramatic
14 increase, so on and so forth.

15 Why 1970 is the question? Is there a
16 real trend there or what?

17 A. Well, maybe I can make several
18 comments. Yes, depending on the years you pick you
19 will get different growth rates. We made a policy
20 decision, if you will, in developing this report that
21 we were going to go back as far as we could for data as
22 we conveniently could, and as one pushes back in time
23 one gets -- from a statistical point of view there are
24 more issues to overcome, but I think we decided that we
25 would go back as far as we could practically, not just

1 for this industry but all the industries we've dealt
2 with we have used the same time frames.

3 So, yes, if you pick different years you
4 get different results. For no particular reason except
5 those that I've just expressed, we picked 1970 because
6 it's pretty far in the past and 1986 was the last year
7 for which we have data. Presumably if one added 1987
8 and 1988, which were strong years for the industry in
9 general, one would have higher numbers at the other
10 end.

11 The other point you made in the preamble
12 to your question I wanted to respond to, too, which is
13 the suggestion of significant fluctuations. We've done
14 some work on cyclicalities and I believe it was discussed
15 earlier in my evidence. There are fluctuations in
16 employment in this industry but they're not out of
17 line, in my view, with other manufacturing industries
18 and, in fact, we've chosen the scale deliberately here
19 so that the data fill up the graph, but the
20 fluctuations here from the low to the high are
21 fluctuations from 68,000 to 79,000 jobs which is not --
22 it's not insignificant and it's evidence in part of
23 cyclicalities and evidence in part of growth.

24 But I guess the difference between the
25 top and the bottom is - if I do some quick upside down

1 mental math - it's about 15 per cent which, to my mind,
2 is not extreme fluctuations over a period of 17 years.

3 Q. With respect to the same exhibit,
4 sir, could you elaborate a little more on the problems
5 that you encounter when you go back earlier than 1970
6 or if you go back earlier than 1970 to try to find out
7 what the employment in the forest industry was?

8 I think you said that the further back
9 you go the more problems you encounter in being to able
10 to establish reliable data. Is that approximately what
11 you said and, if so, could you tell us a little more
12 about that?

13 A. That's what I said. I'm trying to
14 remember if I have the specifics with me.

15 MADAM CHAIR: Mr. Cosman, do you have my
16 Exhibit 1047?

17 MR. COSMAN: Yes.

18 MADAM CHAIR: Thank you.

19 MR. COSMAN: Sorry.

20 MADAM CHAIR: It's all right.

21 MR. COSMAN: (handled)

22 MADAM CHAIR: Thank you.

23 MR. ROSS: I don't have the details. I'm
24 sure it's because one of the series we wanted to use in
25 some of these comparisons was not available before that

1 time period, but I don't remember which one it was.

2 MR. COLBORNE: Q. Is there any
3 examination that you did as to the types of jobs, the
4 distribution of job types within that total? Was that
5 any part of the work you did?

6 MR. ROSS: A. Types meaning occupational
7 categories, for example?

8 Q. Yes.

9 A. No, it was not.

10 Q. And what about the location of these
11 jobs as between the area of the undertaking and outside
12 the area of the undertaking over time?

13 A. No.

14 Q. And I'm not suggesting that this is
15 true, but just so I'm clear on your answer, it could be
16 that these 68- to 79,000 jobs are more and more outside
17 the area of the undertaking over time as far as you
18 know; you just don't know one way or the other?

19 A. I don't know one way or the other.
20 I'm wondering whether if I look at the Panel 5 MNR
21 evidence that would tell me something and I don't
22 remember the answer to that.

23 Q. Now, my impression as someone who has
24 never studied or cracked a book on statistics, my
25 impression is that you can take data like what is on

1 Exhibit H1 and apply some formula to it and see if the
2 trend is up or down; am I right?

3 A. Yes.

4 Q. Did you do that to this data?

5 A. Yes.

6 Q. And what is the trend?

7 A. The trend is up and the difference
8 between the initial point on the trend line and the end
9 point on the trend line is 7 per cent, which is why we
10 said there was 7 per cent growth.

11 Q. Oh, I'm sorry, I thought that you
12 simply took 1970 and the figure 71,000 approximately
13 and you took 1986 and the figure of 77,000
14 approximately -- or 76,000 and said the difference was
15 seven per cent?

16 A. Well, actually when I look at my
17 notes I believe that's true, so that I have to withdraw
18 my previous statement.

19 Q. So you don't know whether you would
20 have to apply this formula that I believe exists to
21 these data to say whether in the '70 to '86 period it
22 has actually gone up or gone down; is that right?

23 A. Well, we did apply the formula, which
24 was really the basis of my confused response
25 previously, and we applied it to address the issue of

1 cyclicality because the way we dealt with cyclicality
2 was to look at the trend, to establish what the trend
3 had been and then define cyclicality as deviations
4 around the trend.

5 So why don't you give me a moment, if you
6 would, to recall whether that's in the report or
7 whether I would have to dig it out of files to get it.
8 No, I don't have the trend growth rate in the report.
9 I think I probably have it in files that I have with
10 me, but I'm not sure that's true.

11 Q. So just right now as you sit there
12 without having had the opportunity to examine your
13 files you're not sure if the trend is up or down or
14 level?

15 A. I think it's up, but I think that
16 because I'm looking -- I'm comparing two graphs not
17 because I have the direct data in the report.

18 Q. To use a colloquialism, does that
19 mean you have eyeballed the graphs and it looks like it
20 tips up, so I understand your answer? You said you've
21 looked at two graphs, I am looking at Exhibit 21 which
22 is the same one I think you're looking at.

23 A. Mm-hmm.

24 Q. What do you mean when you say you
25 have looked at two graphs and you think it's up? Does

1 that simply mean that it appears that it's tipping up
2 towards the right?

3 A. No, because these are the
4 deviations -- in Exhibit 21, which is opposite page 42,
5 we're looking at the deviations around the trend.

6 Q. Let me ask you some questions about
7 that. What I have just done for my own assistance is
8 taken the hundred per cent level and drawn a straight
9 line across the forest industry graph in Exhibit 21.

10 A. Yes.

11 Q. And if I look at that, it starts in
12 the early 70s below the line, then in the mid 70s -- or
13 sorry, in the 73/74 area it goes above the line, then
14 75/76 slightly below the line, then in the late 70s and
15 early 80s very much above the line and then in the
16 early 80s very considerably below the line - that would
17 be during the recession presumably - and then climbing
18 up again past the line to a slight improvement above
19 the 100 per cent level.

20 A. Yes.

21 Q. Is that the type of examination that
22 you have made of this particular chart?

23 A. Yes.

24 Q. And the way you look at it you think
25 there is an upward trend there over that period of

1 time, '70 to '86?

2 A. The trend is -- what we are doing is
3 sort of working backwards through the analysis to
4 derive the thing that was basis of the analysis because
5 I didn't write the basis in the report.

6 What we are looking at in Exhibit 21 is
7 the deviations around the trend; in other words, it is
8 difference between the trend and the actual. What we
9 are looking at in Exhibit H1 is the actual, so it is in
10 effect by subtracting the deviations around the trend
11 in Exhibit 21 from the actuals in Exhibit H1 that one
12 determines what the trend is.

13 MR. MARTEL: If you started in 1974,
14 let's say, and that was your jump-off figure, then it
15 is a decline?

16 MR. ROSS: Yes.

17 MR. MARTEL: We really don't know whether
18 it is up or down, it depends on where you select from?

19 MR. ROSS: Well, I think what you're
20 trying --

21 MR. MARTEL: I think that's what Mr.
22 Colborne is trying to get at.

23 MR. ROSS: That may be. I think whenever
24 you're making long term or medium term comparisons
25 about industry growth like this what you are trying to

1 do in part is get yourself at the same point in the
2 business cycle at the beginning and the end of the
3 comparison, because I think we have offered lots of
4 evidence that it is an industry where cyclicalilty
5 occurs and the trend, if you will, is what you find --
6 is what's left over when you substract or take away the
7 effect of the business cycle.

8 So one way to measure trend is from peak
9 to peak, another way is from trough to trough; peak
10 being the top of the cycle, trough being the bottom of
11 the cycle. So if one were looking at the peak to peak
12 comparisons in Exhibit H1, I think we'd see a rise,
13 especially if we recognize that the peak in the latest
14 business cycle is not on this graph yet.

15 If we look at a trough to trough
16 comparison, you'd probably get a more mixed story.
17 Clearly there is a rise until we get to the drastic
18 recession of 1983, so then question becomes: Was that
19 such an extraordinary recession that you shouldn't
20 include that in your troughs.

21 And I'm not sure there is a perfect
22 answer to any of those questions, but I think by and
23 large the employment is trending slowly upwards and one
24 of the basis of that conclusion is when I do this
25 eyeball subtraction, if you will, of Exhibit H1 -- or

1 Exhibit 21 from Exhibit H1, what that suggests is that
2 1971 was a year that was a little below the trend, 1986
3 was a year that was a little above the trend, but the
4 difference on that graph isn't the seven per cent that
5 we find here.

6 So without actually doing the math, I
7 think what this graph is showing is that the trend is
8 upwards but it's not upwards by as much as seven per
9 cent.

10 MR. COLBORNE: Q. Would you agree then
11 that to a casual reader that reference on page 43 to a
12 seven per cent increase could be misleading?

13 MR. ROSS: A. Well, I think it's
14 actually -- the statement is a true statement. The
15 employment did increase between 1970 and 1986 by seven
16 per cent. I mean, in that sense it's not misleading I
17 don't believe.

18 Q. Well, shouldn't it really say that
19 the total employment in 1973 -- or sorry, total
20 employment in 1986 was seven per cent more than total
21 employment in the year 1970? It suggests a
22 relationship between those two years more than simply a
23 comparison of the total employment in each of those two
24 years, it suggests a trend.

25 I don't want to belabour the point, there

1 are numerous statements of percentage changes over time
2 that appear through your report and through Mr.
3 Watson's report and normally one simply assumes that
4 the same criteria are used in all cases to identify or
5 to specify the difference between -- well, specify what
6 percentage changes mean.

7 A. And I think by and large we've used
8 the same definition whenever we've had a number which
9 is an end point to end point definition.

10 Q. I would like to ask you, sir, a few
11 questions about tourism, maybe only one or two.

12 At page 52 of your report you have
13 several paragraphs and my concerns are, once again,
14 with the reliability of the data. I'm looking at page
15 52, the end of your first paragraph concerning tourism,
16 the last half of the last sentence:

17 "The tourism results are probably less
18 reliable than industry estimates derived
19 more directly by Statistics Canada."

20 Now, am I to take it from that and some
21 of the other comments in here that the original raw
22 data about employment in tourism is sometimes not
23 reliable, or at least you can't say that it's reliable,
24 you don't know?

25 A. I think the issue is a little more

1 that there are no original raw data about employment in
2 tourism.

3 Q. If some tourist operator says
4 I create 20 jobs, that's raw data. I don't want to
5 argue with you about what is and is not raw data, but
6 isn't that the basis for some people saying: Well,
7 there are 20 jobs here even though 18 of them might be
8 only for a few weeks?

9 A. This is an issue that we discussed in
10 some detail, maybe I could summarize it. The
11 distinction between tourism and the other industries we
12 have here is that tourism is not defined as an industry
13 by Statistics Canada in its data collection activities
14 the way manufacturing industries are or the way mining
15 is or the way the forest industries are.

16 Tourism is really an activity that is
17 undertaken by people and the activity is really
18 supported or supplied by a number of the industries,
19 such as the hospitality industry, the food service
20 industry and a number of other industries.

21 So that to determine employment in
22 tourism as opposed to determining employment in the
23 pulp and paper industry, for example, one has to first
24 determine the nature and magnitude of tourism activity;
25 in other words, what did people do that was tourism,

1 how much did they spend on those tourism activities,
2 where did they spend it; in other words, which industry
3 has actually met their requirements for tourism
4 services and what was the employment content of those
5 expenditures.

6 In other words, if -- I think I used the
7 example of assuming that Mr. Martel still lives in
8 Sudbury, if he and I go into the restaurant downstairs
9 for lunch today, his lunch is a tourism expenditure
10 because he is more than 25 miles away from home,
11 whereas mine is not because I'm luckily closer to home
12 and the restaurant owner doesn't know which of us was
13 being a tourist and which of us weren't, he was just
14 selling us both meals.

15 So to determine the magnitude of tourism
16 expenditures and, therefore, the employment impact of
17 tourism, takes you on a much more circuitous route and
18 typically the more links there are in the chain the
19 more difficulty there is or the less comfort one might
20 have with the data.

21 Q. What I want to know is, who says that
22 Mr. Martel's lunch is tourism and yours isn't?
23 Obviously Statistics Canada doesn't, if I understand
24 what you are saying correctly, they don't have a
25 rigorous definitions that you can apply, so who is it

1 who says this?

2 A. I think they have definitions.

3 Q. Well, what's the problem then?

4 A. The question is how do you capture
5 the data, not what is the concept. You know, I think
6 there are fairly well-defined definitions or concepts
7 for tourism and they tend to be pretty simple.
8 Tourism, as the term is used in gathering data and I
9 think typically not just by Statistics Canada, really
10 just means things you do when you are away from home,
11 more than 25 or 50 miles away from home. It includes
12 business travel, it includes recreational pursuits.

13 I mean, whether that's the definition
14 anybody wants in a particular circumstance is another
15 question. We want to some trouble in this report to
16 try and focus in on the components of tourism that
17 might be of greatest relevance to the Board, but it's
18 not an uncertainty as to what it means, it's just the
19 fact that it's not an industry.

20 Q. So going back to the question when I
21 said: Who says that Mr. Martel's lunch is tourism and
22 yours isn't, do I understand you to be saying that the
23 definition of what is tourism is generally accepted if
24 one looks -- if two people look they will both find
25 about the same thing?

1 A. I think to say it a little bit
2 differently, there is a commonly accepted definition of
3 tourism for purposes of data gathering, whether that
4 definition of tourism meets the needs of people who are
5 addressing particular issues is another question, but I
6 think -- to say it a little bit differently, there may
7 be people who wish Statistics Canada used a different
8 definition of tourism because that would lead them to
9 collect data that was more useful to them, but I don't
10 think there is much doubt about what the definition is.

11 Q. Okay. On page 52 you use the word
12 voluntary, that's at the end of the same paragraph I
13 referred to before, the first paragraph on tourism and
14 it is in the first part of the sentence that I read to
15 you earlier.

16 "Given the largely voluntary nature of
17 the tourism surveys..."

18 May I ask you to compare such surveys
19 with involuntary surveys and just explain to me the
20 difference?

21 A. Information on employment in a pulp
22 and paper company, certainly as we've used it,
23 ultimately comes from a submission -- to say it a
24 little differently, Statistics Canada will send a
25 questionnaire to a pulp and paper company and say:

1 Tell us -- this is in the sense of some manufacturers:
2 Tell us among other things what your employment -- what
3 your average employment was last year. The companies
4 are legally compelled to answer the survey; in other
5 words, one must respond to the survey of manufacturers.

6 When Statistics Canada is trying obtain
7 information on tourism activity, for the reasons I
8 described below, they have to ask you or me as
9 individuals what are -- what types of activities we
10 undertook in a certain time period that might be
11 considered tourism and what we spent on them, and if we
12 are too busy or not in a good mood and choose not to
13 answer those questions there is nothing Statistics
14 Canada can do about it.

15 That's really the distinction I am making
16 between voluntary and I guess the implied comparison
17 within voluntary responses.

18 Q. Doesn't Statistics Canada send
19 questionnaires to smaller employers, say motels and so
20 on and say: Would you please fill this out? Is that
21 voluntary or involuntary?

22 You told me the industrial ones are
23 involuntary--

24 A. Yes.

25 Q. --that they must be returned to

1 Statistics Canada. What about the information that
2 Statistics Canada seeks from small employers, is that
3 voluntary or compulsory?

4 A. Well, the distinction -- the data
5 collection activities are distinguished more by
6 industry than by size or type of firm.

7 I suspect Statistics Canada is less
8 stringent in enforcing the requirement to respond from
9 small employers than from large employers, and I don't
10 know how Statistics Canada collects employment data
11 from the hotel industry, for example, whether it uses
12 the same structure as it does in the survey of
13 manufacturers or whether it doesn't.

14 Q. Sir, do you believe that sometimes
15 the data on tourism is inflated because there is so
16 much "promotion" involved in the tourist industry?

17 A. What does the data on tourism mean?

18 Q. I, reading between the lines here,
19 thought that you might have been saying that some of
20 the information that becomes data is self-generated
21 within the industry, but if I was misreading that and
22 you do not think so you can tell me.

23 A. Well, your statement may well be
24 true, but that's not what we were trying to say here.
25 I think here we are really in a sense covering

1 ourselves, we're saying we have done the best we can to
2 put together estimates which we believe are as reliable
3 as possible or, to say it a little bit differently, we
4 are trying to answer the question we have posed for
5 ourselves as well as we can.

6 The question we are posing is really in
7 the end this question of potentially environment
8 dependent tourism and how big is it in the area of the
9 undertaking. I think what we're really saying, though,
10 is I hope the reader will recognize that we've had to
11 put more links in the chain, if you will, to get to
12 those estimates on the tourism side for the reasons
13 we've outlined here.

14 I don't think voluntary in that sense is
15 meant to cast any aspersions on anybody and I think
16 particularly we were referring to the fact that it's my
17 voluntary participation or yours as an individual in,
18 for example, those little forms you get handed when you
19 are coming in at the airport sometimes. There is a
20 little Statistics Canada survey that says how long were
21 you away, what did you spend your money on. Lots of
22 people just throw them in the garbge, some people fill
23 them out and send them back to Statistics Canada.
24 That's what voluntary means in that case.

25 Q. Have you compared your final results

1 in terms of tourism with those published elsewhere?

2 A. I think we've looked at most of the
3 available studies we could find.

4 Q. Are your results higher or lower in
5 terms of dollars?

6 A. I think they're pretty consistent
7 with some studies, I think they're lower probably than
8 other studies, they're probably higher than other
9 studies as well.

10 Q. Excuse me, sir, do you have a list of
11 those studies in your report?

12 A. No, I don't.

13 Q. No, okay. Do you recall any such
14 studies which resulted in dollar values, in terms of
15 what tourism contributes to the northern Ontario
16 economy, where those values are lower than the ones
17 that you included?

18 A. I can't cite you one, although I
19 would remind you that we're not looking at the
20 contribution of tourism to the northern Ontario
21 economy, we're looking at the contribution of tourism
22 to the area of the undertaking and that -- one of the
23 reasons in the end we decided we would build our own
24 estimates up from scratch is that nobody else has been
25 interested in the same geographic area we've been

1 interested in.

2 So I think, just to follow the thought, I
3 think we were probably more interested in -- since we
4 didn't have any comparability in terms of geographic
5 area, we were more interested in reviewing other
6 studies from the perspective of methodologies and data
7 sources than their estimates per se because what we
8 wanted was an estimate in a given year so it coincided
9 with the other data we have for a specific geographic
10 area.

11 In the end we concluded we had to go
12 back -- or not to scratch in the sense that we went out
13 and did our own surveys or whatever, but we got special
14 tabulations of the existing Statistic Canada runs and
15 we got fairly detailed information from the Ministry of
16 Tourism and Recreation of Ontario as well.

17 And in the end I think we've done the
18 work pretty much within the same conceptual framework
19 and estimates of employment as the Ontario -- well,
20 really it's those two government bodies, the Ontario
21 Ministry which has looked at the issue of employment by
22 region in the tourism sector and a number of both the
23 federal and provincial surveys of tourism activity.

24 Q. If in my question I had used area of
25 the undertaking instead of northern Ontario would your

1 answer have been any different?

2 A. Well, I --

3 Q. I will remind you what the question
4 was, sir, maybe I will shorten it down a little bit.
5 Do you remember any actual studies that came up with
6 dollar contributions to the economy from tourism lower
7 than yours?

8 MR. COSMAN: In the area of the
9 undertaking?

10 MR. COSMAN: In the area of the
11 undertaking, yes.

12 MR. ROSS: No, but by the same token
13 there are none that are higher either because I don't
14 think anybody has looked at the dollar contribution to
15 the area of the undertaking in tourism. If they have,
16 I haven't seen it.

17 What I was actually responding to in an
18 earlier comment is there are two -- there are two
19 numbers of employment for tourism - I'm trying to
20 recall the the detail of this - perhaps in northern
21 Ontario and one of them was cited in, I think, the MNR
22 Panel 6 and the other is in a study which is in some
23 ways I think sort of the bible of tourism employment in
24 Ontario. The second is lower than the first and so we
25 tried to track down the differences.

1 And we found that the author of the
2 first - I am probably doing a bit of an injustice -
3 couldn't quite remember where that number came from and
4 the people from the Ministry of Tourism and Recreation
5 said that in their view the number we were using was
6 the authoritative number, which is to say there are two
7 numbers around, one is higher than the other, but I
8 think when we dug into it we didn't have any reason to
9 use the higher number and we had lots of reason to use
10 the lower number.

11 MR. COLBORNE: Q. A couple of questions
12 about trapping, sir. We have discussed the difficulty
13 of obtaining data that applies to tourism, is there any
14 similar difficulty with respect to fur and trapping?

15 I am looking at page 54 of your report
16 and specifically it looks like all of your footnotes,
17 with the exception of one, are to the Ministry of
18 Natural Resources?

19 A. You are also looking at the footnotes
20 in Appendix I which provides a bit more detail on how
21 we put the numbers together, pages I-12 and I-13?

22 Q. Yes. Well, no, I would have to
23 change my question. All of your footnotes except two
24 are Ministry of Natural Resources?

25 MR. COSMAN: There are four footnotes, so

1 half of them are.

2 MR. COLBORNE: No. On page 54 there are
3 two, on page 55 there are five and on page I-13 there
4 are two, so that's nine.

5 MR. COSMAN: All right. Sorry about
6 that.

7 MR. ROSS: I guess without getting into
8 discussions about how you split footnotes when there is
9 more than one reference in them, I think that's
10 basically right and if I could go back to I think what
11 the question was: Do we have similar problems with
12 data, I think we had -- if they had been similar
13 problems it would have been easier to deal with them.
14 We had other problems, if you will.

15 I mean, we had to put together the data
16 as best we could with respect to trapping employment in
17 the area of the undertaking and we have pieced it
18 together fairly painstakingly from available sources
19 and including some discussions with people in the
20 industry, particularly the downstream part, if you
21 will, of the industry, but this isn't the place where
22 you can just go and look up Statistics Canada data and
23 massage it a bit for the area of the undertaking.

24 Q. Am I right that there is no data
25 concerning the fur industry over time in your report,

1 or if there is it's whatever Statistics Canada may have
2 concluded from time to time?

3 A. We did not try and make an estimate
4 of trends in fur industry employment over time.

5 Q. Thank you, Mr. Ross. I am now going
6 to ask a few questions of Mr. Watson.

7 Sir, my references will be to the report
8 that you prepared entitled Socio-Economic Input, et
9 cetera, dated September 28, 1989. I would like to
10 begin by referring you to some parts of the executive
11 summary beginning at paragraph 3.2. That's at page
12 (iii). The last paragraph under No. 3.2 reads as
13 follows:

14 "The forest industry employment is not
15 part of the local economy or only a very
16 small part, less than 2 per cent of total
17 labour force employment in 53 per cent of
18 the communities in northern Ontario, 35.2
19 per cent of population. 54 of these
20 140 communities are Indian reserves.
21 However, because of the lack of available
22 data on Indian reserves they have minimal
23 impact on the findings below."

24 Could you expand a little bit on that
25 last reference to lack of data? And I know that you

1 have some more discussion of that at page 3-16, and the
2 reason why I ask the question is it almost seems that
3 there is a contradiction between saying there is a lack
4 of data, but then at the same time stating what appear
5 to be facts; 54 of 140, so on. So could you clarify
6 that for me?

7 MR. WATSON: A. Yes. Madam Chair, the
8 lack of data I think we discussed yesterday and I
9 indicated that we had pursued the gaps in the 1986
10 Census of Canada information which was the primary
11 source that we used in tabulating Appendix C and D. We
12 pursued the reason for the gaps with the Social Survey
13 Methods Division of Statistics Canada and we were told
14 that a number of the Bands could not be enumerated
15 because of their refusal to participate in the process.

16 I think I am led to understand in some
17 instances there -- other instances there could have
18 been confusion with questions or, you know, there is a
19 variety of reasons here that could account for the
20 fact, but nevertheless we have a situation where the
21 information that is available for the Bands from the
22 source that we use, which is really the only
23 comprehensive source of any stature that I am aware of
24 on a municipality by municipality basis, does not have
25 full information on the Bands. So that's the why.

1 Now, the second part of your question
2 related to how in the face of that we could state
3 facts. I guess we have indicated in paragraph 4.3.2 a
4 situation that we did not have full information on the
5 Bands. We provided by way of perspective yesterday
6 information as to the size of the registered Indian
7 population in the area of the undertaking --

8 Q. Is this new evidence that was given
9 yesterday and is not in your report?

10 A. It was an exhibit yesterday that is
11 not in the report; yes, sir.

12 MADAM CHAIR: Excuse me, Mr. Watson.
13 Would you like a copy of that exhibit, Mr. Colborne?

14 MR. COLBORNE: Yes, I would.

15 MADAM CHAIR: What was the number of that
16 exhibit, Mr. Watson?

17 MR. WATSON: 1063, Madam Chair.

18 MADAM CHAIR: Is that an extra copy?

19 MR. WATSON: Yes, it is.

20 MADAM CHAIR: All right.

21 MR. WATSON: And perhaps just to quickly
22 review this. I have used as a source the Indian
23 registered population prepared by Indian and Northern
24 Affairs, I have divided the Indian population into the
25 four planning areas adopted in my report commencing

1 with the far north, the area outside of the area of the
2 undertaking, north of it; the north, that is to say the
3 balance of the north, the districts and the regional
4 municipality of Sudbury; the near north, that part of
5 the area of the undertaking which is not in northern
6 Ontario and extends down into the counties; and then
7 the balance of Ontario, namely the south.

8 Across the top I have Indian populations
9 on reserve, on Crown land and off reserve and you will
10 see that at the bottom there is a total registered
11 Indian population in Ontario of 101,612 and that of
12 that amount some 16,000 -- more than 16,000 are in the
13 far north; that is to say, outside of the area of the
14 undertaking, 45,600 are in the south outside of the
15 area of the undertaking, and we have just under 40,000
16 within the area of the undertaking.

17 Now, our focus is presumably on
18 on-reserve Indian populations. In that the Stat Can
19 data relates to reserves, the off-reserve Indian people
20 are presumably incorporated in the balance of the
21 population.

22 Q. Oh really. I know this is just part
23 of your answer, but could you pause there for a second.
24 Off-reserve including residing anywhere, including--

25 A. Well, the --

1 Q. --urban as well as bush?

2 A. Well, I'm looking at the Stat Canada
3 information which relates to reserves and I'm of the
4 understanding that that is on-reserve Indian people.

5 Q. Go ahead, sir, I didn't mean to
6 interrupt here.

7 A. That's my understanding. I haven't
8 discussed that with Stat Can.

9 Q. Go ahead with your answer, I didn't
10 want to interrupt, sir, it's just I wasn't sure if you
11 weren't just touching on a point without thinking of
12 the various aspects--

13 A. All right.

14 Q. --there may be to it. I will ask you
15 a specific question about that later. Go ahead.

16 A. All right. The on-reserve population
17 is 19,322 in the north, 388 in the near north, so just
18 under 20,000 Indian people within the area of the
19 undertaking and, of course, the population of the --
20 the total population of the area of the undertaking is
21 just over a million, so that we have something in the
22 order of two per cent on which we have partial data.

23 I'd liked to have, you know, perfect data
24 throughout, but in this case unfortunately that is not
25 possible, but I don't see that as making -- I don't see

1 that as causing any problem, although for point 32,
2 which speaks broadly to the proportioning of the
3 population that is affected by the industry or that
4 works in the industry and resides in particular
5 communities, I think those statements are quite
6 correct.

7 Q. Okay. Well, let's take that bit by
8 bit then. The source here is Indian and Northern
9 Affairs Canada. Do you know where they got their data?

10 A. Well, I have the report here. It
11 says that -- well, they have of course Band lists
12 maintained in the department consist of all the
13 individuals whose names appear in the Indian register.

14 Q. That doesn't tell you where they
15 live, though. Go on.

16 A. Well, they are Band lists.

17 Q. That doesn't tell you where they
18 live, they could live in Vancouver, they could live in
19 Fiji, they could live in Poland.

20 A. Well, that's right, that's what--

21 Q. It doesn't tell me where they live.

22 A. --this data can overstate.

23 Q. That's why I want to know what the
24 source is.

25 A. This data could overstate. I mean

1 I'm --

2 Q. Well, no, I don't know. It says on
3 reserve. That is a column that tells you where they
4 live. Now, how did they get that information is what I
5 want to know?

6 A. Well, I have the document produced by
7 the Government of Canada as the official count for --

8 Q. Mr. Ross was telling me about
9 Statistics Canada being generally a reliable source of
10 data on things because presumably they do things in a
11 certain way.

12 The department of the Indian affairs is
13 is not charged with being a reliable collector of data,
14 that's not their duty, so I want to know where their
15 information comes from if that books tells you.

16 MR. COSMAN: Well, we don't have any
17 evidence that it is not reliable except for the
18 statement from counsel which, of course, is not
19 evidence and is not reliable.

20 MR. COLBORNE: I want the record to show
21 that I take exception to that. I think that was an
22 unprofessional comment by Mr. Cosman; totally improper
23 and I think he knows better.

24 Secondly, all the evidence has not been
25 heard, particularly the evidence from my client and I

1 have a perfect right to cross-examine on the basis of
2 what I think my evidence will be and Mr. Cosman knows
3 that also.

4 MR. COSMAN: It is perfectly proper to
5 cross-examine in as wide a way as one can, Madam Chair,
6 and I dispute very strongly the suggestion that my
7 statement was improper.

8 Counsel -- there is no evidence before
9 you. Counsel, in trying to impune the evidence of a
10 witness who is testifying under oath, suggests to you
11 that the basis for that is unreliable, that is not
12 evidence, that is my point.

13 If my friend wants to call evidence to
14 establish that, that is his right. My point to you was
15 very simply, just because Mr. Colborne suggests that is
16 unreliable does not make it unreliable and this
17 witness' evidence based on that is not impuned by a
18 statement from Mr. Colborne. We, of course, will have
19 the opportunity to hear Mr. Colborne's evidence and to
20 cross-examine on it.

21 MADAM CHAIR: Mr. Colborne, the Board is
22 very much aware that the question of enumerating native
23 peoples and the entire activity of knowing the size of
24 native populations and residents and so forth is a
25 complicated issue and we are depending on you to bring

1 that kind of evidence in your case.

2 I'm not sure if Mr. Watson is the witness
3 who can explain in any great detail the reliability of
4 the basic data that went into these reports. Certainly
5 he was provided by the government -- the government
6 provided him with this information. He had used it as
7 much as he could in his analysis, but I have got a
8 feeling that we are going to have other witnesses later
9 on who will be able to provide an interpretation of the
10 data collection.

11 I think Mr. Watson can simply point to
12 the references in the publication to say that's where
13 it came from. I don't think he can talk about the data
14 collection very well.

15 MR. WATSON: Madam Chair, if I may, I
16 think that's correct, although I have endeavored to
17 work with publications that I believe to be
18 authoritative. Now, this one says:

19 "The Indian register consist of all
20 the individuals who are registered as
21 Indians under the Indian Act..." and my
22 understanding is that that registration entitles the
23 individual to certain privileges, et cetera, and that
24 it's a formal process, an important process and these
25 are the counts that emerge from that process.

1 I would think that if anything is
2 authoritative that should be it; however, that's as far
3 as I could -- that's why I've used it and relied upon
4 it.

5 MR. COLBORNE: Well, Madam Chairman,
6 first of all, I am not finished with my comments on Mr.
7 Cosman. He said that what I said was unreliable --

8 MR. COSMAN: --we are just going to go
9 back and forth.

10 MR. COLBORNE: You will wait until I
11 finish my comments, sir.

12 MR. COSMAN: I am going to ask, Madam
13 Chair, we are going to hear submissions back and forth
14 on this because then I again will ask for the right to
15 respond.

16 MADAM CHAIR: No, we aren't dealing with
17 any procedural matters during the course of the hearing
18 day. If you want to make formal submissions on this it
19 will be done at the end of the day. Your decision.

20 MR. COLBORNE: Thank you.

21 Q. Sir, the Indian register that you
22 have referred to, do you know anything about whether
23 that has any relationship with where the Indian lives?

24 MR. WATSON: A. This is by sex and
25 residents. Indian register by sex and residents.

1 Q. I am talking about the Indian
2 register, the one that you've just referred to.

3 A. That's the title of it, sir, Indian
4 Register Population by Sex and Residents.

5 Q. No, no. I am talking about the
6 Indian register that is created by statute. There is a
7 statute of Canada called the Indian Act which creates a
8 thing called the Indian register which requires that
9 certain names be placed on that.

10 A. Yes.

11 Q. Now, I am asking you about that
12 register. I am not asking you about a yellow book in
13 your hand, I am asking you about that register. Does
14 that have anything to do with where the person lives or
15 not, or do you know? If you don't know you could just
16 say you don't know.

17 A. I'm not familiar with the register
18 beyond how it is portrayed in this report which is by
19 residents.

20 Q. Does that report refer to any other
21 source of information other than the Indian register?

22 A. No.

23 Q. Thank you. Now, you say that two per
24 cent of the population in the area of the undertaking
25 are, if I understood you correctly, status Indians

1 living on reserve. Is that approximately it?

2 A. Yes, with the proviso that you have
3 just made, that some of them may not in fact be living
4 on those reserves, they may be elsewhere.

5 Q. Okay, that's your evidence. Now, are
6 there any trends in terms of increase or decrease in
7 that population?

8 A. Of the population of Indians living
9 on reserves in the area of the undertaking?

10 Q. Yes.

11 A. I have general information about
12 trends in Indian populations province-wide, but I do
13 not have it for the area of the undertaking, no.

14 Q. Okay. I think somewhere in your
15 report you refer to a decline in population in the --
16 was it in the area of the undertaking or in northern
17 Ontario generally, decline in total population?

18 A. Well, between 1981 and '86 there was
19 a small decline in population in the north and, hence,
20 in the area of the undertaking. There were increases
21 prior to that. Particular districts have had
22 continuing decreases and the population of Temagami is
23 less than it was 50 years ago.

24 Q. Wouldn't that be true of the Rainy
25 River District as well?

1 A. I am talking of the total population
2 of Rainy River not the Indian population.

3 Q. Yes.

4 A. The total population has been during
5 the past 25 years; that is to say, 1961 to 1986, it
6 declined, between '81 and '86 it increased by 73
7 people, essentially meaning it didn't change.

8 Q. What about Kenora District? Do you
9 have that?

10 A. I have Kenora District as virtually
11 unchanged over the last 25 years; however, declining
12 between '81 and '86.

13 Q. And I may be repeating myself, if I
14 am I apologize, but for those districts do you have
15 anything on the trend in the Indian population?

16 A. No, Madam Chair, I don't.

17 Q. Now, I ask about those two districts
18 because, as I said at the beginning, sir, that's where
19 my clients live.

20 Now, you have included -- just one more
21 question and I don't mean to provoke or anything, sir,
22 but your instructions were at page 1-10:

23 "...to examine the current socio-economic
24 impact on the forest industry on the
25 several hundred communities which lie

1 within the area of the undertaking at the
2 individual community level."

3 Is there any particular reason why you
4 didn't examine any Indian reserves?

5 A. Well, Madam Chair, as we discussed
6 yesterday, that task involved adding to the information
7 that the Ministry of Natural Resources had provided as
8 sectoral on a provincial level and we felt it important
9 to provide some community base data.

10 We identified some 400 such communities
11 and we went to some pains to provide the socio-economic
12 data that could be assembled for those communities and
13 we used in the main the one consistent source, the 1986
14 Census of Canada, and we were relying upon that source
15 and given the problems we have already discussed
16 relative to the Indian communities in the census, we
17 had gaps. We discussed yesterday, in my view, the
18 inappropriateness and lack of feasibility for some, I
19 believe 70 or 80 communities years later endeavouring
20 to go back and obtain comparable data to the census.

21 I mean, that's something that Statistics
22 Canada with all its resource was unable to deal with.
23 We certainly weren't equipped to deal with that problem
24 and to produce data that was, as I say, properly
25 comparable, reliable, consistent with what they had

1 done.

2 Q. Was there any reason why an Indian
3 reserve could not have been the basis for one of the
4 individual studies?

5 A. That was possible. What we wanted,
6 however, were communities -- representative forest
7 industry communities and we didn't have reserves that
8 fell into that category. I guess if we had done --
9 been able to do a larger sample, certainly
10 incorporating a reserve would have been worthwhile, but
11 we wanted simply an example of a pulp and paper town,
12 we wanted an example of a logging and forestry services
13 community, an example of a sawmilling community.

14 Q. I know, sir, that there are always
15 restrictions in time and resources and so on, but was
16 there a point in your planning where you said: We
17 should not or will not study a community that does not
18 participate in the forest industry just to see what the
19 particulars of that community are?

20 A. Well, Madam Chair, our objective was
21 to establish the effect that the presence of the forest
22 industry had upon the community in terms of assessment,
23 employment and related socio-economic matters. Clearly
24 there are communities we could have gone into without
25 the forest industry.

1 I mean, I have worked in a number of
2 them, Elliott Lake, for example, that is in category
3 four and I am very familiar with mining communities and
4 other communities where the forest industry isn't
5 present. I'm not sure, frankly, what to do with that
6 knowledge, but we had a sense of it.

7 Q. No, you --

8 A. And I did visit in another context
9 the White Fish Indian Band in the Sudbury area. I am
10 not unfamiliar with Indian reserves.

11 Q. You did take the census data for the
12 non-forestry communities and used them fairly
13 extensively?

14 A. Yes.

15 Q. Yes.

16 A. That's, frankly, all we had. I mean,
17 we weren't that happy with it but we didn't see any
18 option.

19 Q. Okay. Could I refer you then next to
20 paragraph 3.3 which is on page (iii), part of the
21 executive summary. Here you have listed the features
22 of forestry communities as opposed to non-forestry
23 communities and I know that you have elaborated on that
24 in the longer text.

25 MADAM CHAIR: Excuse me, Mr. Colborne,

1 what page is that?

2 MR. COLBORNE: I am looking at the
3 executive summary, Madam Chairman. The Roman number
4 number is three.

5 MADAM CHAIR: Thank you.

6 MR. COLBORNE: Q. That comparison is
7 mainly for 1986, am I right, mainly a snapshot in 1986?

8 MR. WATSON: A. That's based on '86 data
9 entirely.

10 Q. Right.

11 A. Yes.

12 Q. Now, most people think of industries
13 as going through -- we certainly have evidence of
14 cycles, but even think of industries as having lives,
15 where they grow and they thrive and they boom and they
16 decline and they die.

17 I am not saying that that has to be true
18 of the forest industry, but over the long term maybe it
19 would be, who knows. The point is, if you are just
20 taking a snapshot in 1986 and if that happens to be at
21 the boom that doesn't tell you much; does it?

22 A. What it tells us, Madam Chair, is the
23 nature of those communities as of a couple of years ago
24 as to whether they are in an economic sense strong,
25 weak or somewhere in between. That gives us a sense of

1 the importance of those communities to the north as to
2 whether they are what we might call economic pillars
3 that in effect shore up weaker areas, weaker regions.

4 I have found that in many instances they
5 do fall into that category, the communities do.
6 Irrespective of forestry, I am looking at the nature of
7 the communities. I've simply used forestry --
8 percentage of forestry employment in order to group the
9 communities. So I found generally them to be in the
10 north, to be economically strong, so it then follows
11 that if something happened to the forestry industry,
12 whether by virtue of some kind of long-term decline as
13 you have implied or something emerging from this
14 hearing possibly, we get a sense of the sort of impact
15 that would be visited on those communities and through
16 them in the north.

17 Q. Let's take a look at the near north.
18 You mentioned that the wood industry -- is that the
19 term?

20 A. Yes.

21 Q. Correct term. The wood industry
22 is -- well, I will use my own words, it is not as
23 thriving as the pulp and paper industry and the incomes
24 are lower and its contribution to the communities is
25 lower and so on in the near north.

1 So would that be an example of an
2 industry that thrived earlier in history, I don't know
3 exactly when, boomed earlier in history, so if you had
4 taken a snapshot of the near north say 50 years ago you
5 might have said: Look at this wonderful situation, the
6 logging industry, the sawmill industry in the near
7 north is making this region, but you come along in 1986
8 and that's no longer so; it has declined, the trees are
9 not there, or what is there isn't what it used to be,
10 the markets are not there, whatever has happened, the
11 whole thing has declined.

12 Is it not true that if you just take a
13 snapshot you are not sure where on any trend line you
14 are?

15 A. Well, Madam Chair, I guess, first of
16 all, the question seems to potentially take us many
17 decades, maybe even en century into the past, and of
18 course I have no idea at that point in time whether
19 sawmilling was as relatively high paying then as pulp
20 and paper, paper and allied is today. I don't know
21 that.

22 I think we are working with pieces of
23 planning periods and pieces of information that we have
24 got some base for. The situation, based on my
25 research, has been as it is in recent years. I see

1 nothing on the horizon that's going to alter it over
2 the foreseeable future. As for what might happen, you
3 know, well into the 20th Century I don't think anyone
4 can speak to.

5 MR. ROSS: The 21st.

6 MR. WATSON: The 21st, yes, we have done
7 the 20th.

8 Q. I am saying just if - this is a big
9 if because this is not what you were asked to write a
10 report on, I don't think you pretend to be qualified in
11 that area, but attaching that large if to it - if we
12 are in an era where they are just vacuuming the spruce
13 out of the north, putting it through the pulp mills and
14 they are going to clear out - they being your clients -
15 as soon as it's gone, then your snapshot of that
16 vacuuming process is only going to tell you what is
17 being contributed at the moment in 1986.

18 It is not going to tell you very much
19 whether there is going to be ghost towns as there were
20 in northern Minnesota and northern Wisconsin, it isn't
21 going to tell you anything about that; is it?

22 A. Madam Chairman, vacuuming the north.
23 Espanola, from the research we had, was initiated in
24 the latter part of the 1800s and it remains a major
25 forest industry community today some one century later,

1 and I am sure these enterprises and undertakings go
2 back a lot further than that, but I don't see this as
3 something that there is any danger of a fundamental
4 shift in in the foreseeable future.

5 Q. Have you studied that question?

6 A. As part of the work that I have done
7 over the last two years, I have done reading on it and
8 so on. I didn't write a chapter on it.

9 Q. Are you familiar with the terms of
10 the white pine massacre?

11 A. No.

12 Q. I don't know if it is a term of art
13 in forestry or not but it has to do with the decade
14 when all the white pine were taken in the northern
15 states and maybe used only by some kind of extremists,
16 I don't know, but it is an interesting phrase.

17 But the idea behind it seems to me to be
18 that all the good stuff was taken and it never came
19 back and did I understand your last answer to be that
20 from what you have seen you don't think that's what's
21 happening here?

22 A. I can't give the Board forestry
23 evidence.

24 MADAM CHAIR: Excuse me, Mr. Colborne,
25 how much longer will you be? We are in the habit now

1 of taking a break at this time.

2 MR. COLBORNE: 45 minutes.

3 MADAM CHAIR: Why don't we take a
4 20-minute break right now.

5 Mr. Colborne, I don't know if there is
6 some way in which you might catch up about what
7 happened in the transcript this week, but you might
8 talk to Marilyn about that.

9 MR. COLBORNE: Yes, I will.

10 ---Recess taken at 10:15 a.m.

11 ---On resuming at 10:40 a.m.

12 MADAM CHAIR: Please sit down.

13 Mr. Colborne?

14 MR. COLBORNE: Thank you, Madam Chairman.
15 At your suggestion I discussed with the reporters the
16 topics that I was going to canvass. I think you had in
17 mind that I might see if some of those topics had been
18 dealt with yesterday and I did discover that one has
19 been, so that will save us some time, I will avoid that
20 topic.

21 Q. Mr. Watson, I want to turn now to the
22 features of forestry as opposed to non-forestry
23 communities that are listed briefly in paragraph 3.3 of
24 the executive summary and are discussed in more detail
25 in the longer text.

1 And the question I have is: Why, with
2 the exception of housing, was there no examination of
3 capital and infrastructural investment in these
4 communities comparing forestry and non-forestry and
5 then also comparing forestry and communities in the
6 south?

7 MR. WATSON: A. By capital and
8 infrastructural you are referring to sewer and water
9 services, Mr. Colborne?

10 Q. That and office buildings and paving
11 the back lanes like they do in Toronto and things like
12 that.

13 A. Yeah. Sure.

14 Q. I am just referring to the fact that
15 many people who live in the north look around and they
16 say: This is a shack town, this is just a labour camp
17 for that mill over there.

18 A. Yeah. The reason that I didn't deal
19 with it is that the information isn't available.

20 It's as simple as that, there is nothing
21 in Stat Can that I am aware of. We looked to other
22 sources, for example, we pulled assessment information
23 from the Ministry of Municipal Affairs, the MARS
24 Program, and I have been interested in sources on sewer
25 and water for some time for other purposes, but I don't

1 have such a source.

2 As for paving back lanes and office
3 buildings, there is no data source that I am aware. If
4 there were one, and one that I could draw on for the
5 400 municipalities, I think sewer and water would have
6 been one we could have put in, certainly. I am not
7 sure of the relevance of office buildings. We got at
8 employment that would fall into that category. Paving
9 back lanes, I guess you just used that as an example,
10 but...

11 Q. I'm talking about the obvious
12 disparity--

13 A. Yeah.

14 Q. --in capital investment between a
15 city like Toronto where we sit right now--

16 A. Sure.

17 Q. --and a typical town in the north. I
18 am just wondering why you didn't look at it and I guess
19 I have your answer, the data are not there.

20 A. That's right. I did make the
21 observation a couple of days ago though in that regard
22 that a number of these communities - and Dryden is one
23 that comes to mind - in my view are better equipped in
24 many ways than southern Ontario municipalities of
25 similar size, better equipped in terms of some of the

1 amenities that have been provided.

2 Q. Do you think Dryden is typical of
3 northern communities?

4 A. No, no, Dryden is -- I mean, as I
5 understand the north, you have five cities representing
6 half the population and you have towns representing a
7 substantial chunk and Dryden obviously is a healthy
8 town and it's not similar to the much smaller
9 townships -- the many much smaller townships, but I am
10 simply saying I wouldn't cast that slant on the entire
11 north.

12 Q. Would it be possible to, with
13 unlimited resources - and I know that unlimited
14 resources are never available for research - but with
15 unlimited resources, would it be possible to get that
16 information?

17 A. Yes.

18 Q. Well, what I mean is: Wouldn't some
19 of it be private? You can't just walk up to somebody
20 who has invested in a building in Sioux Lookout and
21 say: How much money did you put into your building?

22 A. Well, a building permit was issued
23 and you can measure the size of it and you can do
24 various things, as you say, if you have unlimited
25 resources and a purpose for the use of the information.

1 I wouldn't be able to persuade my client on that one
2 because I don't really see the ultimate use, but if you
3 were doing an office market study for northern Ontario
4 or something, I guess that is what you would do.

5 Q. Yes. I don't think you would be able
6 to convince any client to give you a blank cheque, but
7 I just wanted to step it back from there.

8 It is possible then to do it, you could
9 examine, as you said, building permits; there are no
10 doubt numerous other sources. How big a job is it
11 then; it is possible, but--

12 A. How big a job?

13 Q. --the data is not easily available.
14 How hard would it be to do the job?

15 A. Well, I think it would require a
16 physical visit to the municipalities. We are using the
17 round number of 400. Given travel time and perhaps up
18 to a day's work in each one, I am not sure how long it
19 would take, we haven't really identified what it is we
20 are going to do, but it would take at least a day per
21 municipality, that is 400 days. It's a lot of money.

22 Q. Are you surprised that that data
23 doesn't exist?

24 A. I have lived with the situation for
25 25 years so I am not surprised any more. I would like

1 to see it, but...

2 Q. Now, you've been in this business --
3 do you know how government decides what data they will
4 collect and what they won't collect? Who makes these
5 decisions and why do you think that the data we are
6 talking about now is not collected, or at least is not
7 assembled in total?

8 A. Well, Madam Chair, government -- I
9 mean, we have levels of government and we have
10 ministries and departments and branches and sections
11 and Crown corporations and a myriad of decision-makers
12 and researchers and I don't think the question is
13 answerable.

14 Q. In your work you have never seen any
15 of the dynamics I take it of decision-making as to: We
16 the government will go out and get this stuff, but we
17 are not going to get this stuff. Do I take it that's a
18 fact?

19 A. No, that is not a fact.

20 Q. Okay. Well, then you have observed
21 some of that dynamic at least once?

22 A. I have worked in government and we
23 made decisions about information we wanted and I have
24 talked to those with statistics about what they had and
25 didn't have, yes.

1 Q. Okay. But do I understand your answer
2 to the earlier question being that you don't know why
3 the particular data about capital investment,
4 infrastructure and so on is not assembled?

5 A. I don't know why Stat Can hasn't
6 assembled it. It's -- I guess the first thing is --
7 well, no, I don't know.

8 Q. Now, the one thing that they do
9 gather is the dwelling values?

10 A. Yes.

11 Q. Or at least I assume that's from
12 Stats Can?

13 A. Yes.

14 Q. In your report at page 3-35, 3-34 and
15 so on you compared dwelling values north and south and
16 so on. I would like to look at those just for a
17 moment.

18 If I am reading this correctly, at page
19 3-35, the last -- or the third last point at the bottom
20 of the page, average dwelling value 55,000 in the
21 north, 75,000 in the counties, and then if we turn the
22 page - whoops, no - we turn the page back to 3-34, six
23 points from the top the average housing values, 134 in
24 Toronto/Ottawa, 75 to 84 elsewhere.

25 Just to clarify. The elsewhere is out of

1 the counties but not in Toronto/Ottawa, but in the
2 south?

3 A. No. 3-35, six points from the top?

4 Q. 3-34.

5 A. Oh, sorry. Elsewhere in the south.

6 Q. Okay. So at the top we have got
7 Toronto/Ottawa, 134, elsewhere in the south but not in
8 the counties we have got 75 to 84; is that -- have I
9 got that right?

10 A. No, just elsewhere in the south.

11 Q. Oh, elsewhere in the south 75 to 84
12 and then in the north 55?

13 A. Yes.

14 MR. MARTEL: Can I just ask a question
15 where you got the figure 134 for Toronto?

16 MR. WATSON: That is from the 1986
17 census, sir, and that would embrace -- I think these
18 are old dwellings. So that, you know, they are not
19 today's 330,000 single detached unit in Richmond Hill.

20 MR. MARTEL: Or Forest Hill.

21 MR. WATSON: Or Forest Hill. And of
22 course quite a few things have changed from June, 1986
23 to March, 1990. However, that is the figure.

24 That is the Toronto -- that would be -- I
25 think that was the Toronto CMA so that is a broader

1 area than just the city of.

2 MR. COLBORNE: Q. Now, other than
3 housing, dwellings - well, I guess those two terms are
4 used interchangeably - is there anything else of a
5 capital nature that is compared here as between the
6 north, the counties, Toronto and so on?

7 MR. WATSON: A. Well, the only
8 comparisons that deal with north versus south are those
9 on 3-34, 3-35 where we talk about characteristics of
10 the housing stock, moveability, year of construction,
11 rate of growth, value, we talk about residential
12 assessment versus non-residential, that's a good
13 measure -- well, it doesn't measure infrastructure but
14 it's a good measure of the nature of the development.
15 And that is all.

16 Q. But let's just pause there for a
17 moment. Residential as opposed to -- I am sorry, did
18 you say commercial/industrial?

19 A. Yes.

20 Q. Yes. That only gives you the ratio;
21 does it not, that doesn't give you anything about the
22 total value?

23 A. No, it doesn't. We are of course
24 handicapped in terms of trying to compare the total
25 values in that they are all - well they're not all -

1 but there is a myriad of different base years and a
2 variety of other anomalies incorporated in the
3 assessment system, but the balance between residential
4 and non-residential is a good measure in terms of:
5 Obviously if you have a strong non-residential
6 assessment base, then you have the basis for a healthy
7 municipal tax system.

8 Q. No, but you don't know if it's strong
9 until you know the amounts. If you have a community
10 which from its own tax base only generates say five per
11 cent of of its budget and the rest is a provincial
12 subsidy - and we have a lot of those communities in the
13 north - the fact that four of that five per cent comes
14 from an industrial establishment and one per cent comes
15 from the residences doesn't tell you very much; does
16 it, in fact it would mislead you if you took your last
17 answer without qualification.

18 A. Madam Chair, I don't accept the basis
19 for the question. I don't think there are a lot of
20 communities -- there are no communities that I am aware
21 of in the north that have that sort of situation, no
22 municipalities.

23 Q. Oh, municipalities. Okay.

24 A. There is a stronger unconditional
25 grant system applied -- an enriched unconditional grant

1 system applied for northern municipalities, but the
2 property tax base in the north as in the south
3 shoulders a good proportion of the total cost to the
4 municipalities.

5 Q. Have you studied that?

6 A. Yes, I have.

7 Q. Do you have any data on that in here?

8 A. No.

9 Q. Can you bring any? Because I would
10 want to explore this witness' ability to give this
11 evidence and I want to know exactly where it's coming
12 from before he gets into this.

13 A. Well, Madam Chair, my ability to give
14 evidence in municipal finance has been established. I
15 have been doing it for the Municipal Board for 12 years
16 and I have all kinds of data. I can bring data at
17 great length, Mr. Colborne.

18 Q. Okay. What percentage of
19 Metropolitan Toronto's municipal budget is a transfer
20 payment from the Province of Ontario?

21 A. I can get that.

22 Q. What percentage of the municipal
23 budget of White River is a transfer payment from the
24 Government of Ontario?

25 A. I can get that.

1 Q. And are you saying to us that if the
2 answers to those questions are stated as percentages
3 they would be close?

4 A. I didn't say that.

5 Q. Well, I hope not.

6 A. I said that the share borne by
7 municipalities in general is significant, such that if
8 you have a non-residential assessment share -- I think
9 you were suggesting that that could be meaningless
10 because the total amount borne by property taxation was
11 insignificant and, in effect, what difference does it
12 make that one third of it is non-residentially borne
13 and two thirds of it is residentially borne. I am
14 saying, I don't accept the validity of that at all.

15 MR. MARTEL: Are you saying - did I get
16 it clear - residential assessment in the north I
17 believe, I could be wrong, carries a greater weight or
18 greater amount of the municipality's costs in the north
19 as opposed to a place like Metropolitan Toronto,
20 particularly mining communities and so on which don't
21 directly -- well, they directly assess some but not all
22 of the mining's property. Nothing underground for
23 example is assessed and so on.

24 MR. WATSON: That's right. I mean, if we
25 go back to our Elliott Lake example though, Rio Algom

1 and the Denison assessment is substantial and the tax
2 revenue is substantial. You do in the north have
3 resource industries outside of municipal boundaries in
4 unorganized areas and so on and that benefit is lost
5 and, as you say, the totality of the capital investment
6 is not assessed because some is underground it's not
7 eligible. And overall I am not sure on the share of
8 the burden in the north versus the south for
9 residential, how it would work if you took it all in.
10 I have the figures. I didn't realize that would come
11 up though.

12 MR. MARTEL: Well, it has come up in this
13 hearing a number of times with respect to
14 municipalities like Red Lake and so on who don't have a
15 mill in their community but in fact house a lot of the
16 woodworkers in terms of they are out in the woods
17 cutting.

18 MR. WATSON: Yes.

19 MR. MARTEL: But because there is no mill
20 in that municipality that municipality has far less
21 assessment to draw on than a municipality that might
22 have a mill in it.

23 MR. WATSON: Just to look that one up.
24 Red Lake. Yes, down in Category 3. Well, it's 62/38,
25 62 per cent residential and 38 non-residential. That

1 is pretty good.

2 MR. MARTEL: I am just saying, the
3 argument from some of the people who appeared before us
4 was that they don't derive as much benefit in terms of
5 assessment or municipal tax because they don't have a
6 mill in their town, yet they provide many of the
7 workers, I mean, a home for many of the woodworkers,
8 people out in the bush who don't have the same sort
9 of -- and, therefore, your municipality gets
10 residential assessment from them but it has no benefit
11 of any type of industrial assessment.

12 MR. WATSON: Exactly. And that goes
13 back --

14 MR. MARTEL: It's right across northern
15 Ontario of course.

16 MR. WATSON: Yeah. That is why the
17 Township of Ignace years ago wanted to annex the
18 Sturgeon Lake mines because it was the dormitory for
19 those mines located 50 miles away.

20 But, nevertheless, just to take Red Lake,
21 it doesn't have a mill but it obviously has something
22 because it's got 38 per cent non-residential
23 assessment, but it may still not be properly balanced
24 off. But I guess that is in the nature of commuting
25 and some of the ebbs and flows.

1 MR. COLBORNE: Q. I wanted to ask you
2 next, sir -- and, again, I am still at page 3-34 going
3 over to 3-35. At the bottom of 3-34 you say, after
4 looking at certain facts".

5 "It is concluded therefore that
6 comparisons between the primarily small
7 communities in northern Ontario and the
8 regional municipalities in the south may
9 be made but are less appropriate than
10 comparisons between southern counties in
11 the north both being of a less urbanized
12 and industrialized nature. These
13 comparisons reveal a variety of
14 similarities."

15 And then you show similarities in things
16 like percentage of occupied households, percentage of
17 total housing stock and so on. But in reading that I
18 am not clear at all why it's less appropriate and more
19 appropriate. Just because the numbers are similar,
20 isn't that the cart driving the horse?

21 MR. WATSON: A. No, I didn't say that it
22 was appropriate because the numbers were similar, I
23 said -- or I certainly was endeavoring to say --

24 Q. Well, you said less urbanized?

25 A. Urbanized and industrialized. So

1 that to say we are going to compare Red Lake or a small
2 remote township with, you know, a major industrialized
3 centre, Toronto or a Hamilton or something, I mean you
4 can certainly make the comparison, but there are
5 obvious dissimilarities and I would be more --

6 Q. Well, what are they? Go ahead.

7 A. In terms of the nature of the
8 employment.

9 Q. The nature of the employment.

10 But aren't things like pulp mill towns similar to the
11 suburbs of cities? These are just dormitories for
12 people who work in a factory. They are highly urban.
13 They may be surrounded by bush but these are not like
14 farming communities where people are spread out over
15 hundreds of miles.

16 A. Well, I mean, I guess if you wanted
17 to make -- all right. If you wanted to make
18 comparisons that were more precise then you would have
19 to go municipality by municipality. I had frankly,
20 given the size of all of this, hoped not to do that for
21 the south, I simply wanted to give some sense of how,
22 in my view, the north and the south compare.

23 Q. No, sir, I didn't suggest that you
24 should do it municipality by municipality. I wanted to
25 know why you didn't compare the northern communities

1 with the southern cities? Why did you compare the
2 northern municipalities with the southern rural areas,
3 they're basically the old agricultural areas, the
4 counties?

5 A. Well --

6 Q. There just didn't seem to be much
7 obvious similarity to my mind, and I am not an expert
8 and when I drive through these areas I don't see them
9 being populated by people who work in industrial plants
10 and so on, they tend to be residential and
11 agricultural. That is the appearance to a person who
12 merely visits.

13 A. Well, that appearance, Madam
14 Chairman, may belie the reality. I mean, if you
15 take -- let's take -- turn to County of Dufferin, it's
16 got 34,000 people, 15,000 odd are in Orangeville, then
17 you have got Shelburne and then you have got various
18 other small centres. Most of the population is in
19 small municipalities.

20 Obviously you have expanses of farmland
21 and you have certain rural residences, but just taking
22 Dufferin County for example it's not unlike some of the
23 areas we're talking about in northwestern Ontario in
24 terms of the magnitudes of the population and
25 distributions.

1 Q. All right. But if it's magnitudes of
2 population, isn't that the numbers determining the
3 comparison rather than the principles and concepts?

4 A. I am sorry, I interrupted. And the
5 nature of the units themselves. I mean, we have got --
6 normally with these centres you have got a main
7 employer or a couple of employers. I turn now to
8 Elgin, we have got St. Thomas 28,000 and we have got
9 total units at 69,000. Some small centres.

10 I don't know that -- I mean, I can have
11 comparisons to cities and we are going to get, and I do
12 that to some degree. I am simply offering my opinion
13 that it's more relevant to compare the north to
14 counties, that the north -- you can compare the
15 northern cities to the southern cities, that's fine,
16 but...

17 Q. I accept that you are saying that it
18 was a matter of judgment by you, you thought it was a
19 better comparison and that is fine.

20 Would you not agree with me though that
21 if you had taken the same northern communities and
22 compared them with the southern cities, the north would
23 have come off looking pretty impoverished by the
24 standards that you have used?

25 A. Well, Madam Chair, impoverished,

1 that's a matter of standard of living and standard of
2 living is a function of two things; one is income and
3 one is price in its simplest terms. We have just
4 observed \$55,000 housing in the north as compared to
5 135 I believe in Toronto and housing --

6 Q. Housing is only one part of the total
7 picture.

8 A. Is normally deemed to be the largest
9 single component of the cost of living, it's normally
10 considered to be 30 per cent.

11 Q. Are you saying the cost of living is
12 lower in the north than it is in the south because of
13 the housing component?

14 A. I am saying that the housing cost of
15 living certainly is, substantially lower.

16 Q. Okay. What about the overall cost of
17 living?

18 A. Substantially. I am saying if that's
19 30 per cent and we have in the north 55 as a percentage
20 of -- I am trying to find the other figure. I am not
21 sure where the other figure for Toronto was. 135 I
22 thought it was, 134.

23 MR. FREIDIN: Page 3-34 was the housing.

24 MR. WATSON: Yes. So 55 over 134 is 40
25 per cent approximately.

1 MR. COLBORNE: Q. But there are
2 mountains of data on cost of living and so please don't
3 just try to exhibit a point of what the general cost of
4 living by referring to the one particular example that
5 is most exaggerated.

6 Surely with all of your experience you
7 can say whether the generally accepted data shows that
8 the cost of the living is higher or lower in the north.

9 MR. WATSON: A. Well, Madam Chairman, I
10 was just starting. I started with housing because we
11 have information on housing. I don't have -- I did the
12 cost -- or I did the price level survey for some of the
13 communities in the north. We didn't apply it to the
14 south. I am aware of the obvious fact of the greater
15 distance and the transportation costs tends to elevate
16 the costs of many things, I mean, that is clear, but by
17 how much and so on, I mean, I don't have the facts at
18 hand. I just dealt with the one item.

19 I am not suggesting when you take it
20 overall the cost of living is higher or lower in the
21 north. I don't know. All I know is that for the
22 single most important item in the mix it's
23 substantially lower, for other items it's higher.

24 MR. MARTEL: There are municipalities
25 however, including the Municipality and the City of

1 Sudbury who are still putting sewer and water in in
2 1989, I mean services and costs.

3 I think what my friend is trying to
4 compare is a whole bag of things, services and taxation
5 and so on. When you look at the Regional Municipality
6 of Sudbury most of the sewer and water has gone in the
7 last 20 years and in fact in the City of Sudbury they
8 are still putting services in probably the largest city
9 in northern Ontario. That is not unusual.

10 MR. WATSON: Yes, sir.

11 MR. MARTEL: The Regional Municipality of
12 Sudbury as a whole is still getting service put in. I
13 mean, many of the small towns still haven't got full
14 services. So there is a problem.

15 MR. WATSON: Yes. Yes, there is.

16 MR. MARTEL: And difficult to delineate I
17 am sure in a massive study like you have done, but
18 those problems exist.

19 MR. WATSON: Yes, and those are important
20 problems. I mean -- and in the south, I mean, they are
21 putting services into Georgina or they just did, but I
22 mean that is not -- obviously the vast majority of the
23 area is serviced. So I mean, yes, there are many
24 considerations.

25 MR. COLBORNE: Q. And just to give a

1 more extreme example, yesterday I was on an Indian
2 reserve in the Kenora area and they haven't even
3 started thinking about getting sewer and water there.
4 I might have been in a village in Mexico.

5 So I appreciate that there are local
6 differences, but I am still concerned that there is
7 nothing here about the cost of living, north and south?

8 MADAM CHAIR: I think we have Mr.
9 Watson's answer, Mr. Colborne, and that is that he had
10 selected housing values as the main indicator for this
11 comparison but he doesn't have data on some various
12 other aspects of the comparison.

13 MR. COLBORNE: Very well. Thank you,
14 Madam Chairman.

15 Q. I want to go forward in your
16 executive summary to paragraph 6.1 which is at the
17 bottom of page (viii).

18 MR. WATSON: A. Yes, sir. Madam Chair,
19 may I just add one small comment relative to the last
20 question, or have we passed beyond that?

21 MADAM CHAIR: All right. Will it further
22 address Mr. Colborne's concern?

23 MR. WATSON: Yes. It was addressing his
24 statement about the reserves, and I just turned to the
25 report I had, 1989 reserve data which said in 1988, 8

1 out of 10 dwellings on reserve had adequate water
2 supply compared to slightly over half in 1977.

3 The proportion of the dwellings with
4 adequate sewage disposal also increased considerably
5 from 47 per cent in 1977 to 72 per cent in 1988.

6 So, I mean, that's Canada wide and so on,
7 but it's a sense of what is going on.

8 MADAM CHAIR: You have referred several
9 times to that document.

10 MR. WATSON: This is another one, Madam
11 Chair. This is Basic Departmental Data 1989, Indian
12 and Northern Affairs.

13 MADAM CHAIR: Do you want that made an
14 exhibit, Mr. Colborne?

15 MR. COLBORNE: If it was not filed
16 previously.

17 MADAM CHAIR: It hasn't been. Do you
18 have an objection, Mr. Cosman?

19 MR. COSMAN No, certainly not, it's just
20 a question of trying to make sure that Mr. Watson has
21 it for his files. Would a copy suffice?

22 MADAM CHAIR: A copy to be left with the
23 Board.

24 MR. COLBORNE: That is fine. That's
25 fine.

1 MADAM CHAIR: Yes. That will be exhibit
2 1069.

3 ---EXHIBIT NO. 1069: Document entitled: Basic
4 Departmental Data 1989, Indian
5 and Northern Affairs Canada,
6 December, 1989.

7 MADAM CHAIR: Also, Mr. Watson, did we
8 make the Indian Register Population an exhibit?

9 MR. COSMAN: I actually was going to put
10 that to him in reply, Madam Chair.

11 MADAM CHAIR: Shall we wait then?

12 MR. COSMAN: I would suggest.

13 MS. BLASTORAH: Could we get the correct
14 title of the one that was just marked.

15 MR. WATSON: The title is Basic
16 Departmental Data 1989, it was published by the Indian
17 and Northern Affairs Canada, December, 1989.

18 MR. COLBORNE: Q. Sir, at paragraph 6.1
19 of the executive summary you briefly state -- I think
20 these are your conclusions about the future of the
21 economy of northern Ontario, and you say that:

22 "There is no evidence that major shifts
23 in the economy are likely to occur. The
24 significance of the service sector in the
25 total economy will probably continue to
increase gradually mirroring the

1 provincial trend but most likely at a
2 much slower pace than in the 1971-81
3 decade, however, forestry and the other
4 resource industries will continue to
5 produce the higher paying core employment
6 in the north around which a substantial
7 share of the economy is fashioned."

8 Just logically I derive from that, sir,
9 that those communities that do not participate in
10 whatever is described as forestry and the other
11 resource industries don't or should not, generally
12 speaking, anticipate growth or prosperity or major
13 economic change in the foreseeable future?

14 MR. WATSON: A. Well, I am speaking
15 here, Madam Chair, about a broad area. The fortunes or
16 misfortunes of any particular small community are
17 certainly variables within that broad context, it's a
18 matter of local government action and local
19 entrepreneurship and a variety of things, and certainly
20 a small community to some degree can alter its fortunes
21 by the actions it takes; not always, but in some cases
22 certainly.

23 Q. Yes, I accept that the generalization
24 does not necessarily apply to each and every community,
25 but do you accept the way I characterized it in my

1 question; that generally speaking those communities
2 that do not have a part of the forest industry or
3 the -- I am sorry, I should go back to your exact
4 words, ...the forestry and the other resource
5 industries are not likely in the foreseeable future to
6 experience major growth or prosperity or change in
7 their economies.

8 A. No, I don't think I would accept
9 that. I am not a mining expert but I don't suppose 10
10 years ago there were many people that visualized a
11 Hemlo and the effect that that has had on Marathon and
12 Manitouwadge and communities in that area.

13 Now, those sorts of things don't happen
14 frequently obviously but they do happen, and I guess
15 with the forest industry it's a dynamic and changing
16 industry, you have -- obviously you have major mill
17 investments and those aren't made every day or altered
18 frequently, but you do have, as Mr. Ross' evidence has
19 indicated, hundreds of mills and logging operations and
20 forestry service operations and other wood industry
21 operations that are being initiated and are being
22 relocated and so on as different resources are being
23 used. So, no, I think it's dynamic.

24 MADAM CHAIR: I think a question of
25 interest is, in terms of Appendix C we've seen that

1 there is not very much native employment in the
2 forestry industry and we wouldn't expect a major shift
3 in that activity, and you really can't answer that
4 because you don't have the data on native communities.

5 MR. WATSON: That's right, Madam Chair.
6 I don't have the data, and the data that I have on the
7 Indian communities, as I mentioned yesterday, I am
8 suspect of and I believe that a number of the zeros
9 that show for forestry employment in reserve
10 communities.

11 On thinking about it further, I don't
12 know how we can have data for forestry employment, when
13 you move across the table and we ask: What is the
14 employment in transportation, manufacturing, primary
15 construction, and this industry breakdown. We don't
16 have that. That is not in Stat Can, there's blanks
17 there. So how is it that Stat Can has accurate
18 information on forestry participation.

19 That was my point, that the difference
20 between a zero and a dash and an N/A, you know. So the
21 whole data stream for the reserves in my mind is
22 deficient. Even what I do have, and most of it is
23 missing, but I do -- well, I will leave it there.

24 MADAM CHAIR: Okay.

25 MR. COLBORNE: I am going to get to that

1 a little more. So don't lose your thought on that
2 point please, sir.

3 MR. WATSON: Okay.

4 MR. COLBORNE: Q. I do want to ask you
5 first though about employment trends. I asked Mr. Ross
6 some questions on this - and I won't belabour it - but
7 when I look at page 6-1 of your report, that is in the
8 full text and Table 6-1 and Table 6-2, I want you to
9 tell me a little more about why forestry drops
10 dramatically from '61 to '71 and then increases a
11 little bit to '81.

12 Now, there is information in the text
13 that helps us with that, but I don't think it's quite
14 complete. So would you just elaborate on that?

15 And to begin, I will just refer you to
16 Table 6-1 on page 6-2 the line forestry, under the year
17 1961 we have got 6.0 per cent of the labour force --
18 or, excuse me, it's the industrial labour force I
19 believe, and then in 1971 it's down to 2.3, it has been
20 cut more than in half.

21 And you have said in the text that there
22 are things that were deleted and particularly pulp and
23 paper was shifted. So I know there is a reason for the
24 change, but could you give us as much information as
25 you can, because that is a very, very drastic change.

1 MR. WATSON: A. Well, it's a drastic
2 change but it's a non-change I mean and the reasons are
3 those that you have stated. I have no other reasons.
4 They explain it. Those that are set out on the third
5 paragraph of page 6-1, the definition of the categories
6 changed.

7 Q. But did I miss something here. I
8 thought that that didn't allow me to take the 6.0 in
9 Table 6-1 and deduct employment in the pulp and paper
10 mills and come up with a different percentage. I want
11 to know what that 6.0 number would be if it
12 contained -- if it had the same contents as the 2.3
13 number for 1971?

14 A. It doesn't.

15 Q. Well, can you do that?

16 A. The sentence says that. No, I can't
17 do it.

18 Q. So we don't know. We know that the
19 percentage in forestry for '61 that contains the same
20 information as the percentage for '71--

21 A. No.

22 Q. --we know it's lower than 6.0, but we
23 don't know what it is?

24 A. We don't know that it contains the
25 same. It does not contain the same. That is what the

1 first line of paragraph 3 of page 6-1 says.

2 Q. I know.

3 A. It says that in '71 and '81 the
4 forestry category did not include pulp and paper.

5 Q. Yes.

6 A. Ergo in '61 it did include it.

7 Q. Yes, I know. Now, if you deduct pulp
8 and paper from the 6.0 figure, what do you get? We
9 don't have that.

10 A. We don't have pulp and paper for '61.
11 I don't know.

12 Q. It can't be done because the data is
13 not available?

14 A. Right.

15 Q. So we can't have comparative
16 historical employment data earlier than '71 because
17 they have changed the way they define it?

18 A. I regret it, Madam Chair, and it's
19 irksome, but these things change over time and there is
20 very little -- I don't know whether we can get a
21 special run on 1961 or what can be done, but there is
22 nothing available.

23 Q. When it says '61, does that tell me
24 that this is from census data?

25 A. Yes, this is sourced -- this is

1 census data, yes.

2 Q. So census data is published in great
3 detail. Do you know whether or not one can go into the
4 detail for '61, subtract the pulp and paper and come up
5 with a comparative number?

6 A. I haven't looked back at the '61
7 catalogue. We obtained this information in a
8 particular form. We don't have the '61 catalogues and
9 I don't know for certain what could be done.

10 Q. Do you know anything about 1951, '41,
11 '31, the 10-year census cycles that Statistics Canada
12 used; is there comparable data in those earlier years,
13 or do you know?

14 A. I don't know, Madam Chair.

15 Q. Now, I am right that Statistics
16 Canada every 10 years does a full census and every five
17 years does a sort of a partial census; is that right?

18 A. Yes.

19 Q. Do you have any information, sir,
20 about the breakdown in terms of types of job under that
21 category forestry, and I am still at Table 6-1.

22 Using numbers that I have referred to
23 before for 1971, we have 2.3 per cent of, I guess it's
24 the industrial labour force in the province, and in --

25 A. It's the total labour.

1 Q. Total labour force, okay. 2.3 per
2 cent, in 1981 it's up to 2.8 per cent. Is there
3 anything here or somewhere where you can refer me that
4 breaks that down in any finer detail? We know it does
5 not include pulp and paper mill employment, but I am
6 talking about the difference between say logging in the
7 bush and working in a sawmill, for instance; is that
8 breakdown available?

9 A. If I may just check. I don't have
10 anything of that nature, I am sorry.

11 MR. ROSS: A. I could add something
12 maybe that is so obvious that Mr. Watson didn't mention
13 it. Forestry, the way it's defined here, is a primary
14 industry. In other words, this is basically the
15 silviculture and extraction aspect of the industry; the
16 sawmilling is the manufacturing industry, so the
17 distinction you are making wouldn't exist in those
18 forestry data.

19 Q. Okay. I was picking an example out
20 of the air, but I obviously didn't pick an appropriate
21 one. Now, let's go back to that Table 6-1. The 6 per
22 cent figure in '61, do you have to take sawmills out of
23 that also as well as pulp and paper for my
24 clarification in order to get a figure?

25 MR. WATSON: A. In '61.

1 Q. Yes, for '61 in order to get a figure
2 that's comparable to '71?

3 A. Well, we refer to pulp and paper and
4 allied, sawmills are in wood industry, so you would not
5 take it out.

6 Q. Oh well, I am confused then between
7 what Mr. Ross has said and what you have said.

8 A. Oh, I am sorry.

9 Q. I thought Mr. Ross just said that
10 sawmills are not in the 2.3 per cent under the 1971
11 heading, and then I think you just said that they are,
12 but I just wanted to know which is which, I just want
13 to know which is correct?

14 A. I was looking through my files when
15 Mr. Ross spoke, so I am sorry, I didn't hear what he
16 said.

17 MR. ROSS: A. What I said is that
18 forestry category is a primary industry; in other
19 words, the extraction of the resource not the
20 processing of the resource.

21 MR. WATSON: A. Okay. Well, we can
22 check because I found what we took our data from. I
23 have got the '61 census excerpts and the '71 census
24 excerpts. Now, if we have the definitions then we will
25 be all set, which we don't.

1 The headings are simply -- these are
2 industry divisions, agriculture, forestry, fishing and
3 trapping and so on. I mean, this is not the only
4 production of the 61-71 census obviously. But it's
5 what we have. As for the definition of the
6 categories --

7 MADAM CHAIR: Mr. Colborne, could this be
8 an undertaking or can you not proceed with your
9 cross-examination?

10 MR. COLBORNE: Oh, this could be an
11 undertaking if Mr. Cosman agrees. I would just accept
12 that these witnesses will examine the information they
13 have available to them and advise with respect to the
14 line called forestry in Table 6-1 and tell me, first of
15 all, what types of employment are included in 1961 that
16 are not included in '71 and '81.

17 MR. COSMAN: Certainly I agree.

18 MR. COLBORNE: And a slightly narrower
19 question: Is sawmilling included in 1961; the same
20 question: Is it included in 1971, and I think that
21 covers everything. Thank you.

22 Q. Turning now, sir, to your executive
23 summary, paragraph 7.2, it's at page (ix). I would
24 like to read to you the first sentence and I will
25 attempt to stress the clause that I am concerned with:

1 "The connection between any forest
2 management policies which serve to unduly
3 restrict wood supply and the type
4 of socio-economic impacts at the
5 community level commences initially with
6 a negative impact on corporate finances
7 followed by reduced production and
8 deferred expansion and modernization."

9 The question is: What aspect of
10 corporate finances; borrowing, net earnings, what?

11 MR. WATSON: A. All right. I am using
12 that expression, Madam Chairman, in a broad way,
13 perhaps the phrasing is a little grander than it need
14 be. All I meant was it would impact on costs and
15 related matters and, as I have indicated in the past
16 days, the cost impact may be direct or indirect, it may
17 be a matter of production delays, it may be a matter of
18 increasing the complexity of the process, it may be a
19 matter of constraining the supply of timber in terms of
20 quality or quantity, it may simply be uncertainty in
21 the business climate.

22 But those matters, or those possible
23 impacts then would affect the viability of projects --
24 could affect the viability of projects and the interest
25 in and commitment to particular expansions or endeavors

1 that various companies pursue and I would include --
2 when I say companies, I would include Indian bands in
3 that. Anyone who is part of the forest industry and
4 who is providing employment, and I certainly regard
5 Indian bands to be part of that industry.

6 Q. Okay. Finance is sometimes or often
7 used in a narrower sense, and I want to know if you had
8 in mind borrowing, specifically did you have in mind
9 that when the industry, when it goes to a financial
10 institution to look for credit, needs to demonstrate
11 that they have so much area of forest licensed to them
12 and available to them? Is that part of the financing
13 process.

14 A. I hadn't that in my mind, but that
15 sounds as though that is another category.

16 Q. Another category. I am not sure what
17 you mean by that?

18 A. Well I gave five; the cost of delays,
19 the complexities, the constraints, the uncertainty, and
20 you have introduced a sixth type of impact which would
21 be potentially increased difficulty in raising capital.

22 Q. Okay. I don't know if you have
23 expertise in this area, but is that a factor in
24 financing for the forest industry, the amount or the
25 area of wood licensed then available to the company

1 seeking financing?

2 A. I don't have that expertise, I am
3 sorry.

4 Q. Mr. Ross, do you know?

5 MR. ROSS: A. I don't have either.

6 MR. COLBORNE: Maybe Mr. Cosman could
7 help me. Are there other witnesses who will be dealing
8 with that topic?

9 MR. COSMAN: The financing of expansion
10 has not been the subject of any other panel.

11 MR. COLBORNE: I am requesting an
12 undertaking and I will try to define it and Mr. Cosman
13 can tell me if he is prepared to give it or not. I
14 would like to know whether industry financing is in
15 part dependent on licensed areas or wood volumes, and
16 there may be a clearer way of expressing it because I
17 am not conversant in the field of finance, but I will
18 explain why I am asking for the undertaking.

19 One of the issues before the Board has
20 been raised by some of the parties and which is
21 certainly examined in this evidence where we are
22 talking about what happens if you reserve areas out of
23 the forest where wood can't be cut, but one of the
24 important points raised by some of the parties is that
25 some of the available wood supply should be allocated

1 elsewhere.

2 Now, it could be in the simple form of
3 allocation simply to somebody other than the forest
4 industry as it appears before the Board, or it could be
5 in a broader sense of allocation to non-forestry using,
6 in other words, a reserved area.

7 So these are issues which are squarely
8 before the Board and I think it's relevant whether that
9 is of importance to the industry when it goes to the
10 bank.

11 The industry can't go to the bank and
12 say: We own 40,000 acres or whatever because they
13 don't, all they have got is licences from the Crown or,
14 generally speaking, all they have got is licences from
15 the Crown for purposes of determining how much wood is
16 going to be available for a pulp mill for instance
17 which is being financed.

18 And so if the parties who are saying pull
19 some of this wood out of the allocation to the forest
20 industry are affecting the forest industry's ability to
21 finance itself, I say that it's relevant and I would
22 like to know.

23 MR. COSMAN: Well, Madam Chair, just at
24 this point in time I would say that I strongly disagree
25 with my friend that this issue is before the Board,

1 although certainly he has raised it by his own position
2 taken to date.

3 In any event, I will take under
4 advisement whether I would want to go any further, but
5 as of today I would not make that undertaking because,
6 in my submission, it is not something that is before
7 the Board.

8 But I also at the same time do not
9 propose to argue that issue today. At the end of the
10 day we will argue, my friend will argue as to what the
11 Board should decide and shouldn't decide and what is
12 before the Board and what kind of decisions the Board
13 should make.

14 It would be inappropriate at this stage
15 of the hearing for me to have an argument without all
16 counsel being here and have that issue before you.

17 MADAM CHAIR: One point, Mr. Cosman, and
18 that is that Mr. Colborne could have put his questions
19 quite rightly to the investment analysts we had in
20 Panel--

21 MR. COSMAN: Five.

22 MADAM CHAIR: ---5 for an answer in terms
23 of his expert opinion of what effects, you know, this
24 industry's ability to raise financing.

25 MR. COLBORNE: That is quite true.

1 MADAM CHAIR: So the extent to have
2 detailed that has to be whether that information is
3 available also. That's something I would throw out.

4 MR. COSMAN: I will take it under
5 advisement and formally advise my friend whether I am
6 prepared to answer.

7 MR. COLBORNE: Q. Now, sir, just a very
8 few questions about this work which I commended one of
9 industry's counsel on because over the years I have
10 every now and then as a citizen of northern Ontario had
11 occasion to look at collections of data and having
12 lived in a lot of the towns that you were giving data
13 on I, like other people, saw that it didn't seem always
14 to be very useful or correct.

15 But I thought this was a wonderful and
16 useful exercise to get everything together like this
17 for the different towns. And I am referring to --
18 maybe you can help me, it's Schedule C to your report

19 MR. WATSON: A. Appendix C.

20 Q. Appendix C, yes.

21 A. Yes.

22 Q. And I think what is posted here?

23 A. Yes, it is.

24 Q. In clearer form. Now, you have said,
25 and I am not going to explore any further, that the

1 data on Indian reserves is poor?

2 A. Yes, it is.

3 Q. Now, I have taken a copy of Schedule
4 C and I have marked those reserves where my clients
5 live and I am going to file it, and I am not going to
6 take you through each one because they all say zero.

7 A. Other than Manitou Rapids.

8 Q. I was just going to get to that one
9 exception, other than Manitou Rapids. And so just to
10 clarify that for the record, under forestry employment
11 as a per cent of total, I have marked all of the Treaty
12 3 communities.

13 They all say zero except Manitou Rapids
14 and because I may not be the only one, Madam Chairman,
15 who found this to be useful, no matter how big the
16 piece of paper is, if I may file it it may be available
17 to others to see which communities I am actually
18 representing.

19 MADAM CHAIR: It might be -- is the list
20 very long, because you could read it off to us for the
21 record. We each of a copy of this Appendix in Exhibit
22 1045.

23 MR. COSMAN: Yes. Madam Chair, I will
24 accept my friend's statement as to which communities
25 make up the Treaty 3 bands.

1 MADAM CHAIR: Thank you, Mr. Cosman.

2 MR. COLBORNE: I am going to leave
3 Manitou Rapids the one that Mr. Watson mentioned a
4 moment ago to the end because I have an additional
5 question about it.

6 These are the communities. They are all
7 in Category 4, and the percentage employment in the
8 forest industry next to the name of each is zero:
9 164 Rainy Lake 26A, 168 Seine River 23A, 163 Rainy Lake
10 18C, 273, Whitefish Bay, 32A reserve, 259 Lake of the
11 Woods Reserve 37, 257 Lac Seul, 256 Kenora Reserve, 267
12 Shoal Lake 34B Reserve, 252 English River, 264
13 Sabaskong Bay, 262 Rat Portage, 146 Big Grassy River
14 35G, 150 Couchiching, 160 Neguaguon Lake, 162 Rainy
15 Lake 17B, 250 Eagle Lake, 272 Wabigoon Lake, 147 Big
16 Island Mainland, 274 Whitefish Bay 33A Reserve, 265
17 Shoal Lake (Part) 39 Res., 161 Rainy Lake 17A, 270 The
18 Dalles, 261 Northwest Angle, 291 Islington.

19 And in addition some places under
20 Category 5. I haven't checked this, I think that they
21 have no significant residential population, but I will
22 identify them: 275 Whitefish Bay 34A Reserve, 258 Lake
23 of the Woods Reserve 31G, 169 Seine River 23B, 266
24 Shoal Lake (Part) 40 Res., and 271 Wasauskang.

25 There are I think small populations at

1 two of those locations -- two of those last locations.

2 Oh, and the last one, excuse me. And
3 here we have to go up to Category 2, 156 Manitou
4 Rapids. And the forest employment as a per cent of
5 total employment at Manitou Rapids there is recorded as
6 33.3 per cent.

7 MR. COSMAN: Madam Chair, can I just have
8 one minute.

9 MADAM CHAIR: Yes.

10 ---Discussion off the record

11 MR. COSMAN: Thank you.

12 MR. COLBORNE: Q. Mr. Watson, could you
13 look at the data for Manitou Rapids.

14 MR. WATSON: A. Yes.

15 Q. The one that I was just referring to.
16 I had mentioned 33.3 per cent of forestry employment as
17 a per cent of total -- percentage of total. And if one
18 reads across one finds total workforce of 60, am I
19 right?

20 Q. Yes, that would be in the column
21 titled total labour force.

22 A. Yes, yes.

23 Q. Yes. Then going further to the right
24 under primary and manufacturing we have two numbers 5
25 and 15?

1 A. Yes.

2 Q. Yes. Now, the total of 5 and 15 is
3 obviously 20?

4 A. Yes.

5 Q. Which is going to be 33 1/3 per cent
6 of 60?

7 A. Yes.

8 Q. Now, could you tell me if just from
9 what you know that is probably the forestry component
10 which is included in that 33 1/3 per cent. Does that
11 make sense? I know you didn't come here examining this
12 particular community, but is that the logical
13 conclusion that one derives from these figures?

14 A. Well, what I have done is I have gone
15 to Appendix A page A-6 and that has Manitou Rapids in
16 the middle of the page and it shows total employment of
17 45 with wood industry of 15.

18 Q. Okay.

19 A. That is the third.

20 Q. And that would be 33 1/3. Now, do
21 you know what would the difference then between
22 Schedule C and page A-6 of of Appendix A?

23 A. And this is a small problem for
24 smaller communities, but the difference would be that
25 Stat Can in order to avoid divulging specifics about

1 any one particular industry among other things rounds
2 to the nearest five. So that you can get small
3 distortions when you have got small numbers in that
4 they are not going to show -- if there is a 2, they are
5 going to show it as a -- I am not sure if they show
6 that as a five or a zero to be honest with you.

7 Q. Okay.

8 A. It's random, so...

9 Q. That's fine. Let's take page A-6
10 then for Manitou.

11 A. He yes.

12 Q. We have 15 jobs in the wood part of
13 the forest industry?

14 A. Yes.

15 Q. And that is what presumably makes up
16 that 33 1/3 per cent that appears on -- well it appears
17 right here on page A-6 also.

18 A. Yes.

19 Q. And I recognize, sir, that we have
20 rounded figures here?

21 A. Yes.

22 Q. And we have a bad -- or not
23 particularly reliable source and so on and so forth,
24 but in any case, we have got 15 jobs.

25 Now, if you go to Schedule B, page B-10

1 towards the top under the -- identified beside the town
2 Emo there is something called Manitou Lumber.

3 A. Yes.

4 Q. And the number 14?

5 A. Yes.

6 Q. Does than mean that in the year for
7 which this data was gathered there were 14 jobs at
8 month to you lumber?

9 A. Based upon Scott's Index that is what
10 was reported by Manitou Lumber to Scott's, yes.

11 Q. Do you happen to know anything about
12 Manitou Lumber just as a concern?

13 A. No.

14 Q. If Manitou Lumber is a band run
15 sawmill and those 14 jobs are all jobs at the Manitou
16 reserve, that leaves one job somewhere else; is that
17 not right, approximately one? You have told me that
18 they round the figures, but 15 minus 14 is one; would
19 you agree?

20 A. I can't disagree with the last part.

21 MR. COSMAN: I'll concede that.

22 MR. WATSON: 15 minus 14, but I guess the
23 other part we want to make sure we are clear on, Madam
24 Chair, is that the jobs that we have -- the forestry
25 jobs that we have noted in Appendix A and have worked

1 their way through this, they relate to the residence
2 location of the labour force, they do not relate to the
3 municipality in which the jobs are provided.

4 I indicated that was the main census, the
5 81-91 census will provide that information. All we can
6 get from the '76 census was the residence location of
7 those holding the jobs and that is what triggered the
8 Manitou Rapids numbers.

9 MR. COLBORNE: Q. But nevertheless,
10 these are the data that you prepared and you have now
11 told us that for Indian reserves they are not -- well,
12 they are not what they might be?

13 A. No.

14 Q. But for the communities - and I think
15 Mr. Cosman has accepted my identification of the ones I
16 represent - the data that you have brought shows zero
17 for 24 out of 25 of them, shows 15 jobs for the 25th
18 and I am suggesting to you that 14 of those 15 were at
19 a band owned sawmill, leaving one job -- exactly one in
20 the forest industry on your data that may be from a
21 source other than a single band owned sawmill?

22 MR. WATSON: A. Well, if I may just go
23 back to the first part of your question. The data
24 shows five bands down in Category 5. Category 5
25 doesn't show zeros, it shows N/AA for not available. So

1 I don't know anything about those five.

2 Q. Well, I suggested - and I can't give
3 evidence - but I suggested that there was practically
4 no residential population at those places.

5 A. Well, all right. If that is the case
6 that's fine. And then we have the one band we are now
7 talking about and then the balance which -- did you
8 have a total of 25. You had 31 in your interrogatory
9 that you mentioned as your clients.

10 Q. No. 25 when one excludes the Category
11 5s?

12 A. Ah, okay. And I mentioned that I am
13 suspect of the zeros for those, but I don't have the
14 information, so I can't do anything more than be
15 suspect.

16 Q. Sir, when did you first find out that
17 those zeros were probably wrong?

18 A. No, Madam Chair, it was not a matter
19 of finding out, it was a matter of something gradually
20 dawning on me and that was really just this week on
21 thinking about it further and on noticing for most of
22 them, when we got over to the occupational categories
23 we didn't have anything over there, and I hadn't put
24 two and two together. How can we have accurate
25 forestry information when we don't have the

1 subcomponents. So that that is when I really started
2 to get concerned about those zeros.

3 Q. Am I right that if one reads down the
4 left-hand column you get 266 communities? I am
5 taking --

6 A. Plus those at the bottom, you should
7 get 278.

8 Q. Oh, okay. Maybe when I say 266 I am
9 again excluding the ones that you said you had no data
10 for. So what have we got there, 12?

11 A. 12 and 266 is 278.

12 Q. Yes, okay. So 266 excluding Category
13 5; 278 including Category 5. Now, I have told you that
14 I am interested in 25 or if you add in the Category 5s
15 a little more, a few more than that. But just a
16 arithmetically that's about 10 per cent of the total?

17 A. Yes.

18 Q. I think Mr. Cosman will agree with
19 that, as would anyone.

20 Now, with that in mind and knowing that
21 there are communities here with over a hundred thousand
22 population in the list and so on, so I am not talking
23 about 10 per cent of the population but I am talking
24 about 10 per cent of the communities, I want to look at
25 your Table 3-1. I am afraid I have lost my marker. I

1 wonder if you can help me with the...

2 A. It's page 3-12.

3 Q. 3-12, okay. In Table 3-1 we have the
4 four categories and if one took 10 per cent of all of
5 these communities all these 266 or 278 randomly, you
6 just took a random 10 per cent, you would expect 10 per
7 cent within each of those categories; wouldn't you?
8 Let's take as an example --

9 A. Well, not -- I mean, if you took it a
10 very large number of times--

11 Q. Yes.

12 A. --that would be the result, but any
13 one time --

14 Q. If you took it any large number of
15 times.

16 A. No.

17 Q. Okay. But that answer that you just
18 gave has to do with the number of times one samples; it
19 doesn't have to do with the correctness of the
20 proposition; is that right? If one samples often
21 enough --

22 A. I won't quibble about it but I
23 thought you said if you took a sample, but...

24 Q. If you took a large number of random
25 list containing 10 per cent--

1 A. Yes.

2 Q. --then over time you would on average
3 have 10 per cent of the Category 1 communities; 10 per
4 cent of the Category 2s and so on?

5 A. Yes.

6 Q. Okay. Now, again getting back to my
7 proposition that I represent 25 or 35, depending on how
8 you count them, or about 10 per cent, do you agree with
9 me that I would expect, all other things being equal,
10 and applying only numbers - not anything for real life
11 but only numbers - I would expect that there should be
12 one Treaty 3 community in Category 1, there should be 6
13 in Category 2, there should be 6 in Category 3 and
14 there should be say 14 in Category 4. Just pure
15 numbers.

16 A. Ignoring the nature of the
17 communities.

18 Q. Yes, okay.

19 A. Ignoring their size and cultural
20 differences and all these other factors, just ignoring
21 those.

22 Q. Yes, okay. But that is what I want
23 to get to, is the other factors. So you agree with
24 that, when you ignore all the other factors the 10 per
25 cent is fair enough in terms of just arithmetic?

1 A. Okay. So we are going to ignore --
2 we are just choosing coloured balls from a bag here.

3 Q. Yes.

4 A. In effect, and you are saying there
5 would be a distribution that would parallel in terms of
6 Categories 1, 2, 3, would parallel what we got on the
7 3-12; namely, about half in Category 4 and about 20 per
8 cent in Category 3 and so on; is that what you -- I
9 don't think that is what you said.

10 Q. No, I am saying that all other things
11 being equal you would have 10 per cent within each
12 category being communities from this randomly selected
13 10 per cent because they were selected?

14 A. For no reason at all other than they
15 were represented, yes, yes.

16 Q. Okay, not representative, that isn't
17 the word because they were randomly selected, okay.
18 But you said in your answer that one has to ignore all
19 the other factors to come to that conclusion.

20 A. Yes.

21 Q. And you mentioned size and you
22 mentioned cultural differences. I would like to ask
23 you what you think those other factors are that caused
24 the distribution on that table to be so skewed away
25 from what one would expect just on a random arithmetic

1 assignment.

2 A. All right.

3 Q. And maybe we can start with size.

4 Now, why from the point of view of size do Indian
5 communities -- are Indian communities clustered over
6 into No. 4?

7 A. Well, the Indian communities tend to
8 be smaller and as such don't provide the infrastructure
9 and the resources necessary to sustain some of the
10 enterprises involved.

11 Q. Okay. For instance, some of the
12 larger enterprises like pulp mills would be an extreme
13 example?

14 A. Yes.

15 Q. Yes, okay. You mentioned culture.
16 Culture.

17 A. Well, I guess -- well, that involves
18 making generalizations, racial generalizations which I
19 am loathe to do.

20 MR. COLBORNE: Well, I am asking, Madam
21 Chairman, that the witness be directed to answer the
22 question. I don't care if he's loathe to do it.

23 MR. COSMAN: Well, if he can answer the
24 question and yes, Madam Chair, I would agree he should.

25 If it's a matter of speculation and

1 something outside the area of his expertise, then he
2 should not be directed to.

3 MADAM CHAIR: Well, Mr. Watson, answer
4 yes or answer if you can possibly answer that question.
5 I don't think Mr. Watson has any expertise in
6 sociological or cultural matters, but...

7 MR. COLBORNE: While he's filed a
8 document called socio-economic. He raised the point
9 himself, he used the word culture not me.

10 I want to know what he meant by it. I
11 think he has to answer.

12 MR. WATSON: Well, as I understand it,
13 Indian education levels and Indian participation in
14 business has been at significantly lower levels than
15 non-Indian communities. This is a situation that
16 has -- where the situation last been reversing or
17 remedying itself, if you will, over the last two
18 decades.

19 I can read from some of the same
20 publications we have been speaking of wherein the
21 levels of education have been increasing dramatically
22 and where Indian businesses have been flourishing
23 relative to former levels.

24 So that we are seeing a situation whereas
25 I see it there is a relatively rapid - in terms of long

1 periods of time, a relatively rapid evolution that is
2 going on - it's an evolution that will take decades and
3 generations - but it is occurring. But in the meantime
4 the location of jobs and employment in this industry
5 perhaps is reflective of where we are coming from and
6 the fact that the evolution is not complete.

7 MR. COLBORNE: Q. Now, you heard my
8 logic, if you want to call it that, whereby if one just
9 takes your numbers and includes one band owned sawmill,
10 if you have one, you have one job, exactly one job
11 left?

12 MR. WATSON: A. Why...

13 Q. Does education level and lack of
14 participation in business historically account for --
15 plus the size of the community account for the
16 apparently drastic non-participation in the industry,
17 or are there other factors as well?

18 A. I think those are important factors.
19 I guess the third factor would be the data itself.

20 As I say, I think we have much more
21 complete and accurate information relative to the
22 non-Indian community participation in the forest -- in
23 the forest industry than we do relative to the Indian
24 communities, and that we discussed yesterday the rapid
25 increases in Treaty 3 Indian involvement in

1 silvicultural activities over the last decade.

2 I don't see -- I don't see any evidence
3 of that whatsoever in these counts and I, therefore,
4 suspect that this employment didn't find it's way into
5 the data. So that's a third factor.

6 The fourth factor I guess would be
7 location notice that a significant number of Indian
8 communities -- now, once again, this is Canada so that
9 it's not the best information but it indicates the
10 trend. A significant number are -- about 25 per cent
11 are classified as special access where a band has no
12 year-round road access to the nearest service centre
13 and a smaller number are remote, where they are over
14 350 kilometres from the nearest service centre. I
15 don't know how the various bands, you know, what
16 categories they fall into, but I think that is -- that
17 is another factor that certainly would affect some.

18 Q. Any others?

19 A. Well, those would account for many of
20 the differences. I haven't really studied it any
21 further.

22 Q. I didn't see anything in here on
23 hiring practices. You didn't look at that, that was
24 totally beyond your instructions; am I right, how
25 people get jobs?

1 A. Yeah. I am looking at -- I am
2 looking at impact of industry on communities; I am not
3 looking at hiring practices, no.

4 Q. No.

5 MR. COLBORNE: I am going to ask Mr.
6 Cosman. Is there going to be any evidence on how
7 people get jobs in the industry?

8 MR. COSMAN: No there isn't, Madam Chair,
9 nor do I submit that it's relevant to the environmental
10 hearing that is going on. My friend can lead such
11 evidence as he wants, hear objections and argument at
12 that time, but you wouldn't have it from me.

13 MR. COLBORNE: That is what I expected
14 Mr. Cosman was going to say. I can't think of anything
15 more relevant in terms of impact on communities than
16 employment and hiring. But, as Mr. Cosman quite
17 rightly says, we will argue that when the time comes.

18 MR. COSMAN: And I will have to
19 reserve -- my friend has made an argument now
20 notwithstanding that, and I will have to reserve and
21 make my submission at that time.

22 MADAM CHAIR: Are you almost finished,
23 Mr. Colborne?

24 MR. COLBORNE: Almost, probably just this
25 one question.

1 Q. In answer to my request that you
2 expand on your reference to culture as one reason why
3 it appears that there is less Indian participation in
4 the industry in terms of employment, you referred to
5 education.

6 Did you look at anything that showed the
7 trends within the industry in terms of the type of job
8 available which would relate to the level of education
9 required to do the job; was that part of your study at
10 all?

11 MR. WATSON: A. I didn't study the
12 nature of the jobs, no, sir.

13 MR. COLBORNE: Those are my questions.
14 Thank you, Madam Chairman.

15 MADAM CHAIR: Thank you very much, Mr.
16 Colborne.

17 MR. COLBORNE: Madam Chairman, if I could
18 take a moment. Mr. Cosman and I had a disagreement on
19 the record and we want to put briefly on the record
20 that it was a matter of misunderstanding.

21 So if I can have just a moment to say
22 that I thought that Mr. Cosman said at one point that
23 what I said was not evidence, that I agree with, but I
24 also thought that he added to that that what I said was
25 unreliable, which I took great exception to, as you

1 heard, but what Mr. Cosman actually said, I understand
2 from him - he may want to add to this - was that what I
3 said was not evidence.

4 Again, there is no question of that, but
5 it was unreliable in the evidentiary sense, and with
6 that clarification I now understand what he intended
7 and I withdraw my complaint on the record that such
8 comment was not proper.

9 MADAM CHAIR: All right. The matter is
10 ended then. We will break for lunch.

11 MR. COSMAN: Madam Chair, just if I
12 might.

13 MADAM CHAIR: If there is going to be a
14 long discussion we are not going to hear it now.

15 MR. COSMAN: That is what I thought.

16 MADAM CHAIR: We will come back later and
17 hear it.

18 MR. COSMAN: That was what I was going to
19 say to you. I will be not more than 15 minutes in my
20 re-examination.

21 MADAM CHAIR: Do you need time to break
22 or go right to it?

23 MR. COSMAN: I was thinking if you want
24 to stretch for a couple of minutes we can certainly
25 have this whole panel finished certainly before a

1 quarter to two at the very least.

2 MADAM CHAIR: Quarter to...?

3 MR. COSMAN Quarter to one I mean, at the
4 very, very latest.

5 MADAM CHAIR: And then do you plan on
6 saying anything else with respect to Mr. Colborne's
7 comments?

8 MR. COSMAN: It would take one and a half
9 minutes, given his withdrawal of the suggestion. I
10 think the entire matter -- I think 15 minutes I was
11 thinking for my re-examination and then if it was
12 anything over and above that, giving it outside another
13 15 minutes.

14 But I would think by a quarter to one we
15 could rise and this panel would be completed and Mr.
16 Martel could spend some tourism dollars for lunch, but
17 if you feel that it would be better for you to rise now
18 I leave it to you .

19 MADAM CHAIR: All right. Why don't we
20 take five minutes.

21 MS. SEABORN: Madam Chair, if I could
22 just put on the record, in light of the ruling on
23 Monday with respect to procedural matters and more
24 regular hours, I have made a commitment during the
25 lunch hour today that I can't change and I don't want

1 to hold up the re-examination, so I just wanted the
2 Board to know that I won't be here during that
3 re-examination.

4 Thank you.

5 MADAM CHAIR: Yes, I have a bit of the
6 same problem, but let's take a five-minute break come
7 back and finish off.

8 MR. FREIDIN: Madam Chair, before we
9 break, are you going to be able or making any comment
10 on the Fort Frances satellite hearing today?

11 MADAM CHAIR: I asked Ms. Devaul to take
12 care of that and our only comment is the dates are
13 absolutely set, it is the week of the 21st.

14 In terms of the format of the hearing,
15 no, we are not going to say anything about it today. I
16 understand there are questions about the open house and
17 that will be discussed on the 3rd of April.

18 MR. FREIDIN: Thank you.

19 ---Luncheon recess taken at 12:15 p.m.

20 ---On resuming at 12:25 p.m.

21 MR. COSMAN: Thank you.

22 First of all, Madam Chair, we will see if
23 the witnesses in the isolation of their
24 cross-examination have done their homework with respect
25 to some of the outstanding undertakings, and I

1 understand from Mr. Watson he has.

2 RE-DIRECT EXAMINATION BY MR. COSMAN:

3 Q. Mr. Watson, what do you have for the
4 Board in that regard?

5 MR. WATSON: A. I have the four
6 undertakings given to Ms. Kleer.

7 Q. Perhaps you can explain what each --
8 you written this out; have you?

9 A. Yes.

10 Q. Could you explain what each one is
11 and we will mark each one separately as an exhibit?

12 A. All right.

13 Q. Or do you have it all in one
14 document?

15 A. It's one three-page document, Madam
16 Chair.

17 Q. All right.

18 MADAM CHAIR: One exhibit number, Mr.
19 Cosman?

20 MR. COSMAN: Yes.

21 MADAM CHAIR: Exhibit 1070.

22 ---EXHIBIT NO. 1070: Three-page document re answers to
23 four undertakings given to Ms.
Kleer.

24 MR. COSMAN: Q. Could you review that
25 document with the Board in respect of that which is

1 included are answers to undertakings that you made in
2 the course of your evidence?

3 MR. WATSON: A. Yes. The first item,
4 Ms. Kleer asked for a comparison between the Bands in
5 Exhibit 661, page 11 and those in Exhibit 1061 and I
6 have listed under 661 those Bands that were in that
7 listing and then under 1061 I've listed the comparable
8 Bands. So, as you can see, there were four not listed
9 in 1061 that were in 661.

10 Question 2 was a comparison between
11 Exhibit 1062, Appendix 2 and the listings in the 1988
12 Indian register and I took the same approach and there
13 are a number of gaps relative to items that were in
14 1062 but were not shown in the Indian register.

15 Then she asked for data on Matachewan
16 from Appendix C of my report and I've indicated the six
17 items of information on that reserve.

18 And then the final item was a comparison
19 between her list of NAN communities from Exhibit 664,
20 page 11 and those on which I had data in Appendix C in
21 my report and there are a number of gaps and a question
22 mark and some indirect references.

23 And then I have a note at the bottom that
24 says that the matchings in items 1, 2 and 4 assume that
25 the Indian community names are used consistently in the

1 various documents involved. We are concerned that this
2 may not always be the case; for example, the Hornepayne
3 Indian community is the one that I suspect known in
4 some other fashion.

5 Q. Thank you. Next Mr. Ross. Mr. Ross,
6 with respect to your economic profile, Exhibit 1046, at
7 page 18, Table 2, you indicated in your evidence -- do
8 you have that at page 18, Table 2?

9 MR. ROSS: A. Yes.

10 Q. You indicated in your evidence that
11 the expenditures would include or did include federal
12 and provincial grants and I also think you indicated in
13 your evidence that this was also made clear in the
14 report itself. Do you recall the reference in the
15 report where you indicated that that was stated?

16 I'm sorry, I had it but I have lost my
17 reference here.

18 All right, let me go on, we can come back
19 to that. You undertook to determine the level of the
20 grants and I was going to ask you: Have you been able
21 to determine the level of grants by way of percentage
22 of the expenditures and what are those grants provided
23 for?

24 A. Well, I think I -- as I recall the
25 way we evolved towards the undertaking, I said that for

1 example there had been -- we had some knowledge about
2 the pulp and paper -- that it's called the Canada,
3 Ontario Pulp and Paper Industry Facilities Improvement
4 subsidiary agreement which had been a fairly major
5 federal/provincial grant program for the pulp and paper
6 industry, although I thought that most of the grants
7 would have been paid by 1985, and I undertook to
8 extract from another study we did some information on
9 the extent of the grants which were provided to the
10 industry under that program and I believe the capital
11 expenditures were funded by those grants.

12 Q. What did you determine?

13 A. Well, the program paid out over a
14 number of years about \$188-million in capital grants to
15 the Ontario industry as a whole. The objective -- this
16 was a program that both levels of government put in
17 place to encourage modernization essentially, to
18 improve productivity, to improve pollution abatement,
19 to improve energy efficiency.

20 The industry invested about \$1.4-billion
21 with a support of those funds; in other words, there
22 was about \$6.00 or \$7.00 of industry expenditure for
23 every dollar's worth of government grant that was
24 received, additional industry expenditure. This was
25 quite a major modernization program and it's one of the

1 reasons for the surge in capital expenditures in the
2 industry in the late 70s and particularly the early
3 80s.

4 Q. Now, Mr. Ross, with respect to a
5 question from Ms. Swenarchuk, you were asked to
6 approach the loss of 172,000 jobs on a theoretical
7 basis. She said: Well, what if the industry were
8 closed down, theoretically would these jobs not be
9 found elsewhere and you said: Yes, some or many would
10 find jobs.

11 In answering that on a theoretical level,
12 are you disagreeing with Mr. Watson in respect of his
13 testimony as to the negative impact of the loss of
14 forestry jobs on northern communities?

15 A. No, not at all. What I was really
16 referring to was individuals and I think I was really
17 just making the point that in the end if people lose
18 their jobs they try very hard to find other jobs and
19 they -- typically this is a situation that has been
20 ameliorated a little in recent years through things
21 like employment insurance, but essentially in the end
22 they take the best job they can find and typically they
23 take it where they can find it and in the north that
24 often means leaving the north if they find themselves
25 in that situation.

1 So I think perhaps I'm distinguishing a
2 bit between people's behaviour and making the point
3 that when people lose their jobs in many cases they
4 find some other form of employment, but that in itself
5 is not at all to say that they are not substantial
6 negative impacts both on the individuals involved and
7 in the communities in which they live.

8 Q. In that regard, do you agree or not
9 with Mr. Watson's testimony that there is limited
10 employment alternatives in the north to forest industry
11 employment?

12 A. I believe that to be true and
13 particularly when the quality of the employment is
14 taken into account.

15 Q. Next, you undertook, Mr. Ross, to do
16 a tabulation of land area for the Abitibi study as
17 compared with volume. Have you done that?

18 A. I have.

19 Q. Would you tell the Board what you
20 have concluded?

21 A. Okay. This is really in connection
22 with the economic impact framework and in a sense it is
23 an adjunct to Table 4.1. What I undertook to do was
24 come back with information on the extent of the land
25 area that was withdrawn under the various reserve

1 scenarios.

2 Table 4.1 talks about the timber volumes
3 that were withdrawn and as I recall the context, there
4 was a concern that in other aspects of the hearing
5 there had been points made that land area and timber
6 volume are often not proportional; in this case, the
7 withdrawal of land area between the no-reserve and the
8 existing reserve scenario.

9 I am on Table 4.1 on page 23. The
10 withdrawal of land area is 12 per cent as is -- or the
11 reduction in land area is 12 per cent as is the
12 reduction in timber volume.

13 If I just go down that table, the change
14 in land area between the no-reserve scenario and the
15 inflexible reserve scenario is I think 22 per cent as
16 is the reduction in timber volumes.

17 If I look at the bottom row in the table,
18 the reduction between -- from existing reserves to
19 inflexible reserves, the lands area withdrawal is 12
20 per cent and the timber volume is 11 per cent. The
21 numbers may not quite add in the two comparisons, but
22 if they don't it is just because of rounding,
23 essentially that in this case, I guess for reasons of
24 the circumstances in the study area, the loss of area
25 in proportional terms was almost identical to the loss

1 in timber.

2 Presumably that's because the allocated
3 areas were available for cutting, they were stocked by
4 and large with similar types and levels of timber, so
5 that taking a certain per cent of the land out in this
6 case meant you were taking about the same amount of the
7 available wood out as well.

8 Q. All right. Mr. Watson, I just wish
9 to address you briefly with respect to the federal
10 environmental assessment instruction to the parties on
11 socio-economic evidence, that was the uranium mine in
12 Keewatin in the Northwest Territories that you recall
13 that Ms. Kleer put to you.

14 First of all, in your experience in
15 Ontario environmental assessments, has the Board every
16 directed the parties to indicate, to file a certain
17 kind of evidence or was that left to the parties
18 themselves?

19 MR. WATSON: A. It hasn't done so in my
20 experience, it's left to the parties.

21 Q. In the instruction that was filed,
22 did that instruction address party such as the clients
23 that we have or was it an instruction directed to the
24 proponent?

25 A. It was to a proponent of a mine.

1 Q. And you indicated that if you were to
2 do the kind of study that was suggested of the 400
3 communities in the area of the undertaking you would be
4 repeating the Fahlgren study of the north. What did
5 you mean by that?

6 A. I didn't realize I said that, but
7 it's a good phrase.

8 Q. My note is that you did say that.

9 A. Well, okay. Well, what I was getting
10 at during the discussion was that it would be a very
11 substantial task to deal with those questions 400
12 communities. I mean, it would be -- particularly
13 communities of the size and type and physical
14 distribution. It would be a monumental task, in my
15 view. It would be days per community and 400
16 communities so we are talking about perhaps thousands
17 of days of work which is a lot.

18 Q. You would be happy with the contract?

19 A. I'd be happy with the contract.

20 MR. MARTEL: Ten years?

21 MR. WATSON: Ten years, it would be
22 wonderful. I don't think it's a reasonable request to
23 put forth.

24 MR. COSMAN: Q. All right. For Mr.
25 Ross. You were asked by Ms. Seaborn to compare

1 expenditures, government expenditures and industry
2 expenditures and in particular she used the example of
3 access expenditures. I wonder if you could find the
4 reference in your report where you deal with that.

5 MR. ROSS: A. I think we're probably
6 looking at Exhibit 7 in the profile report, Exhibit
7 1046.

8 Q. I just really want to -- I don't want
9 to take you through it all again, but I just want to
10 ask you a very specific question.

11 A. Excuse me, Mr. Cosman. It is Exhibit
12 8, not Exhibit 7, opposite page 23.

13 Q. Exhibit 7. So with respect to
14 resource access, she asked you, as I recall, to compare
15 the 60.6-million of public expenditure with the
16 industry expenditure for access alone and my question
17 to you -- and you dealt with that quite thoroughly in
18 your evidence, but my question to you is very simple.

19 When the government makes an expenditure,
20 an excess expenditure and made these access
21 expenditures, was it doing it solely for the benefit of
22 the forest industry?

23 A. I guess my view would be no. I
24 raised one area in which it might not be which is that
25 a good deal of the access funding has been to obtain

1 access to mature or potentially overmature timber, and
2 I guess at least in a narrow sense it perhaps isn't as
3 important to the industry in the short term whether
4 it's mature timber or less mature timber that's
5 harvested in the sense of the quality of the wood that
6 goes to the mill, but the province is the custodian, if
7 you will, of that -- the owner of that overmature
8 timber.

9 And I think the other issue is that a
10 good deal of the access to build that road network in
11 the north serves many uses, including the residents of
12 the north and many of their recreational, as well as
13 other activities and a good deal of that network I
14 guess is originally forestry roads and I think the
15 motive of providing increased access for a number of
16 uses continues, presumable it continues to underlie the
17 government funding.

18 Q. Now, Mr. Ross, if I could ask you to
19 turn to pages 54 and 55 of your same report where Mr.
20 Colborne was addressing a number of questions to you
21 with respect to the fur industry. We went through a
22 footnote counting exercise there and I want to look at
23 the sources for your data because the implication is
24 that perhaps they shouldn't be relied upon because, as
25 Mr. Colborne put it, it was all MNR except for two

1 references.

2 I just want to go through what those
3 references are as you have highlighted them with
4 respect to the fur industry and trapping on pages 54
5 and 55 and I-12. First of all, you have Statistics
6 Canada data as well; do you not?

7 A. Yes.

8 Q. Then on page 55 you have, having
9 regard to one and four, references to evidence and you
10 have wildlife branch of the MNR. What does that mean?

11 A. I believe that means that we
12 requested them to do special tabulations, if you will,
13 of data that they had that addressed the issue we were
14 interested in.

15 Q. In item 2 you refer to the background
16 information on the strategic land use planning process
17 for northeastern Ontario, but number -- that's No. 2.
18 No. 3, there is a reference to MNR and Econometric
19 Research Limited. What is that?

20 A. Econometric Research Limited is a
21 consulting firm which I think actually specializes in
22 assessing the employment impacts of tourism, as well as
23 other types of economic activity in Ontario and they
24 have a couple of specific tools that let them get
25 deeper into those issues than anybody else. I think

1 they were probably the consultant who were asked to
2 undertake a specific study of this issue.

3 Q. So they were a consultant independent
4 from the MNR?

5 A. Yes.

6 Q. In item 5 you also indicate you had
7 information from the Ontario Trappers Association, the
8 Hudson's Bay Company, Fur Trading Centre and Northern
9 Stores and the MNR. Is that an exclusive MNR reference
10 in footnote 5?

11 A. No.

12 Q. What did you do? What are the other
13 sources named for?

14 A. Well, there had been a number of
15 studies done and we've cited a bunch of them here that
16 when you piece them together permit us to get some
17 sense of employment in trapping per se in the area of
18 the undertaking.

19 There is also a question as to what's the
20 employment, if you will, the downstream employment in
21 the area of the undertaking associated with the fur
22 industry and that's particularly the acquisition and
23 the auctioning of the pelts.

24 We couldn't find any available published
25 data on that subject so we basically did a little

1 survey on the telephone talking to the various
2 participants in the industry to try to put together an
3 estimate of what that component of employment is. As I
4 think we say on the top of page 55, it is about another
5 hundred jobs in round numbers.

6 Q. All right. Now, Mr. Watson, with
7 respect to questions put to you by Mr. Colborne as to
8 his clients, he indicated to you that it was roughly --
9 I think the percentage was 10 per cent of the
10 communities on your schedule were communities
11 associated with or communities that were part of his
12 client?

13 MR. WATSON: A. Yes.

14 Q. Can you assist with what percentage
15 of the population of the area constituted his
16 communities?

17 Now, you have Exhibit 1063 which shows
18 the total population within the area of the undertaking
19 as 38,744 of the total population of 770,140, but that
20 38,744 was both on reserve and off reserve and then
21 again we are talking about a percentage of the
22 population which would be on reserve which would make
23 up Mr. Colborne's clients.

24 A. All right. So we are looking for
25 approximately Mr. Colborne's on-reserve clients as a

1 percentage.

2 Q. In those ten communities, that's
3 right.

4 A. In those...?

5 Q. In those 30 communities.

6 A. As a percentage of the total--

7 Q. That's right.

8 A. --in the area the undertaking. Well,
9 on 1036 Mr. Colborne's clients are not in Sudbury
10 district, so that 8,503 under on reserve does not
11 apply. His clients are some of -- many of those in the
12 western district and the Sioux Lookout District, they
13 total 10,800, so even assuming optimistically that he
14 has 10,000 of that number, it is 10,000 in comparison
15 to a million which is one per cent.

16 Q. Thank you.

17 A. Approximately.

18 Q. And Mr. Colborne asked you to do a
19 little mathematical exercise to distribute his
20 communities on the chart that you have prepared, the 10
21 per cent chart, if I may, where he asked you to ignore
22 all other factors but go to this exercise.

23 A. Yes.

24 Q. Just as an economist giving evidence
25 before this tribunal, are you able to ignore all other

1 factors and give that kind of evidence?

2 A. No, I went to some length when the
3 question was asked to make that qualification and then
4 I gave four or five reasons why I would not expect the
5 distribution within the Indian communities to parallel
6 the distribution within the municipalities. So that it
7 won't be -- it's inevitable to some degree that it is
8 not going to be the same.

9 MR. COSMAN: Those are my questions.

10 MADAM CHAIR: Thank you very much, Mr.
11 Cosman.

12 MR. COSMAN: Just very briefly. I am
13 appreciative of my friend recognizing that in the heat
14 of the moment something may have been said. Since a
15 statement was made on the record which I have not heard
16 in 16 years of practice, that I am acting
17 unprofessionally, I felt it incumbent upon me just to
18 briefly speak to the Board so that the Board understood
19 the nature of the objection.

20 The nature of the objection is, as has
21 been put to you, that counsel cannot give evidence.
22 The reason counsel cannot give evidence is that the
23 Board is entitled to receive evidence from witnesses
24 who become before you, that in legal terms is reliable
25 evidence.

1 If I were to stand up and start making
2 comments to support my client's position or any other
3 party as counsel doing that, you would have a number of
4 statements before you which are not evidence which may
5 have the effect of swaying you one way or the other.
6 So if a statement is made in evidence by a witness,
7 counsel should not make a statement dismissing that
8 evidence with a comment about its quality based upon
9 that person's perhaps personal view of the subject.
10 That, in my view, would be putting unreliable evidence
11 before you and that is why I indicated that the
12 statement made by Mr. Colborne that the evidence was
13 unreliable was itself unreliable. I was speaking in an
14 evidentiary sense. I am not in any way suggesting, as
15 it has been made clear, that he is an unreliable
16 fellow; that's not the point.

17 It is very important because you are a
18 lay body hearing evidence to distinguish between
19 evidence and submissions of counsel. All counsel try
20 very hard not to put evidence before you, not to try to
21 persuade you by what they say other than through the
22 proper way which is through the evidence they hear from
23 witnesses sworn under oath and who are subject to
24 cross-examination before you.

25 I think with that there is nothing

1 further that needs to be said.

2 MADAM CHAIR: Thank you, Mr. Cosman. We
3 are very mindful of what you have just gone over.
4 Obviously we have discussed this many times at the
5 hearing and we are well of our responsibilities as
6 Board members.

7 I would just add, there won't be too many
8 heated moments that will be dealt at the time they
9 occur in this hearing. Mr. Martel and I simply will
10 not hear this sort of thing during the hearing. I made
11 an exception today, we have broken another rule, we
12 have gone over our regular time that we were going to
13 sit, but all of this will take place at the end of the
14 hearing day.

15 MR. COSMAN: The cooling off period
16 sometimes helps as well, Madam Chair.

17 MR. FREIDIN: Madam Chair, there is one
18 matter that I would like to address, not as
19 proficiently as Mr. Watson, and I can't deal with all
20 the matters that you asked him to look at, but you
21 recall yesterday that during the cross-examination by
22 the Ministry of the Environment an excerpt for 492, it
23 was that draft training message in relation to the fish
24 guidelines.

25 MADAM CHAIR: Yes.

1 MR. FREIDIN: I can advise you that that
2 training message in its final form is unchanged, so it
3 is exactly the same, Exhibit 577, was the exhibit which
4 is a letter from me which outlines the three very minor
5 changes which were made to the draft document which
6 constituted Exhibit 492.

7 MR. COSMAN: Madam Chair, I undertook to
8 file two documents with you. The first was with
9 respect to the Indian Register Population by Sex And
10 Residents, 1988, and in that regard before you had
11 indicated that you would like to have the departmental
12 data document filed. I have actually photostated
13 copies of certain pages from the Indian register
14 document which deals with population and residents
15 across Canada. So what I had filed was just the
16 introductory pages and the chart that was referred to
17 by Mr. Watson and perhaps that can be marked as an
18 exhibit.

19 MADAM CHAIR: Exhibit 1071.

20 ---EXHIBIT NO. 1071: Document entitled Indian
21 Register Population by Sex And
 Residents, 1988

22 MR. COSMAN: I just might say with
23 respect to that exhibit, I just might add ask Mr.
24 Watson if he would go to the two pages beyond the cover
25 page which I have described, not the chart but the

1 first two pages which set out the definitions of
2 residential category.

3 Q. Does this document in fact indicate
4 where populations of Indians in Ontario reside, and
5 having regard to the category and the chart you
6 prepared does it do that?

7 I think you could have reference, Madam
8 Chair, to the document itself and you will see the
9 descriptions of residents in Categories 1 through 6
10 which 6 being off reserve and you will see on Crown,
11 there are various categories.

12 MR. WATSON: A. That's what it indicates
13 it does and that's the way I have taken it, yes.

14 Q. And with that breakdown, did it
15 breakdown statistically the various categories as to
16 residents and was that the evidence -- does it do that?

17 A. Yes.

18 Q. And is that contained in the last
19 page that I photostated?

20 A. Well, it is for the provinces of
21 Canada. In order --

22 Q. Sorry, go ahead.

23 A. In order to prepare exhibit...

24 Q. 1063.

25 A. ...1063 I had to go into the Ontario

1 section of the report.

2 Q. All right. I haven't photocopied all
3 of the Ontario section, but in the Ontario section of
4 the report, just so that the Board has the benefit of
5 the knowledge of what it is that you relied upon as
6 your source and how it is constituted, could you just
7 explain what it does?

8 A. Well, Madam Chair, the Ontario
9 section consists of about 20 pages, one for each of the
10 Indian Northern Affairs districts. It lists each of
11 the Bands and it indicates -- well, the sex as well as
12 the number of registered Band members on reserve, on
13 Crown land, off reserve and I was able to relate those
14 to the four -- the far north, the near north and so on
15 by looking at the location of the Band and the areas
16 and so on. I went through each Band in there and made
17 up Exhibit 1063.

18 MR. COSMAN: Finally, Madam Chair, is the
19 basic departmental data document that Mr. Watson
20 referred to. I have the original. I will undertake if
21 you want to reserve an exhibit number, if that has not
22 Ben already been done -- yes, it has. I will undertake
23 to have that copied and file with with Ms. Devaul and
24 any party who wants it can obtain a copy from her.

25 MADAM CHAIR: Now, Mr. Cosman, do we have

1 the entire report of the Indian register population?

2 MR. COSMAN: No, we don't. If you would
3 like the whole report --

4 MADAM CHAIR: Yes, I think we would.

5 MR. COSMAN: All right.

6 MADAM CHAIR: Can we reserve No. 1072.

7 MR. COSMAN: I wonder then, just perhaps
8 why don't substitute the full document for the pages I
9 photostated.

10 MADAM CHAIR: Could you read the title
11 and the date.

12 MR. COSMAN: Yes.

13 MADAM CHAIR: This is now 1071.

14 MR. COSMAN: Indian Register Population
15 by Sex and Residents, 1988.

16 MADAM CHAIR: And the author?

17 MR. COSMAN: It is Indian and Northern
18 Affairs Canada. The inside cover indicates membership
19 revenues and Band governances, Indian and Inuit affairs
20 program, it is March 1989. I will make a photocopy of
21 that and file that as well.

22 MADAM CHAIR: Thank you, Mr. Cosman.

23 MR. COSMAN: So I believe that concludes
24 Panel 2 and the witnesses can be released?

25 MADAM CHAIR: Yes, you are finished for

1 the time being.

2 --- (Panel withdraws)

3 MADAM CHAIR: Mr. Cosman, the Board would
4 like to thank you very much for your efficient
5 presentation of evidence.

6 MR. COSMAN: Thank you, Madam Chair.

7 MADAM CHAIR: We would like to thank all
8 the parties for their cross-examinations, they were
9 very expeditious and we will see you in Thunder Bay at
10 8:30 on Tuesday morning which is April the...

11 MR. COSMAN: Third.

12 MADAM CHAIR: Third.

13 MR. FREIDIN: So I can advise people in
14 Thunder Bay, the matter of the satellite hearings and
15 other any other procedural matters will all be dealt
16 with at five o'clock or thereafter.

17 MADAM CHAIR: Yes.

18 MR. FREIDIN: Thank you.

19 ---Whereupon the hearing adjourned at 1:00 p.m.,
20 to be reconvened in Thunder Bay at the Ramada Prince
21 Arthur Hotel Tuesday, April 3, 1990 commencing at
22 8:30 a.m.
23
24
25

